THE FIRST TEN YEARS

VIS10N

FOR THE NEXT TEN YEARS

Mullen
TRANSPORTATION INC.

ANNUAL REPORT 2003

CORPORATE PROFILE

Mullen Transportation Inc. is a broad-based service company that provides management and financial expertise, technology and systems support to a network of subsidiary companies. The business of the Company is focused on two sectors of the economy – the oil and natural gas industry and the transportation and distribution of freight – areas where Mullen has developed strong business relationships and industry leadership.

Today the Mullen Transportation Group is recognized as the largest provider of specialized transportation and related services to the energy industry in western Canada, as well as one of the leading suppliers of trucking and logistics services in Canada.

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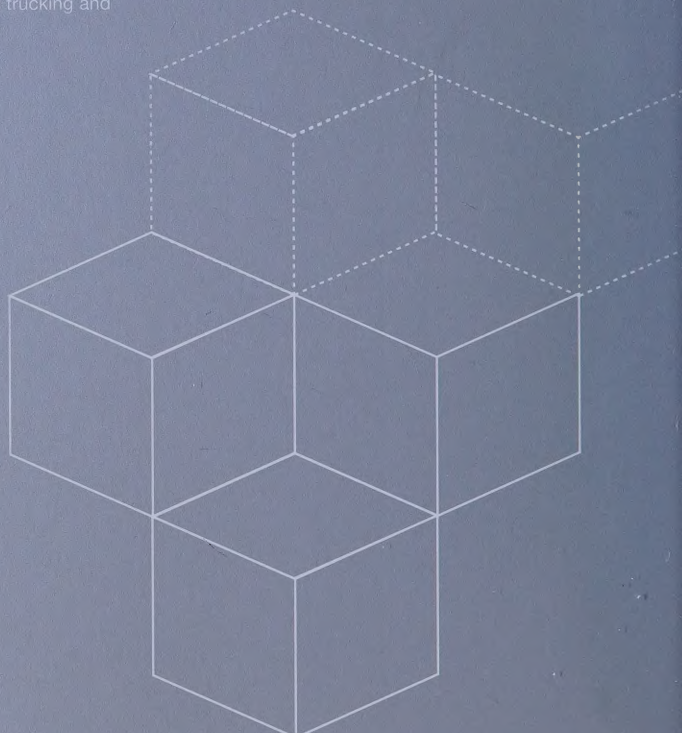

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "believe", "expect" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk, uncertainties and assumptions. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this report are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

SCALABILITY

Under Mullen's business model, each business unit is self-managed and responsible for growing market presence, revenues and profits. The corporate office of Mullen supports its business units with capital resources, banking, training, human resources and technology services. This model has allowed Mullen to build exponentially in recent years.

<<

LOOKING BACK

A decade ago, Mullen raised $9.3 million in an initial public offering. From the outset, we were willing to take calculated risks, challenge the status quo and conventional wisdom – essentially to be different from everybody else. Over the past ten years we have transformed Mullen from a company with a singular focus on transporting freight into a diversified services organization. Our success reflects our steadfast commitment to a vision and values centered on "excellence in everything we do."

VIS1ON

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LOOKING FORWARD

We made a strategic decision in 1999 to focus the capital and resources of the Company on the energy sector. That has become an important platform for growth, with strong commodity prices – both current and forecast – driving our business. In the near term we expect additional consolidation within the energy sector. Looking further into the future, acquisitions of complementary businesses will expand our market presence. We are comfortable with our disciplined approach to capital allocation and in our ability to seize opportunities as they arise.

seeing the opportunity

"We recruit and train individuals committed to our quality standards, provide them with the right tools and invest in them through professional development. We have established a quality work environment where our people can excel, resulting in national recognition for our organization and safety programs."

James E. Little
Vice President, Quality and Training

"Mullen's corporate governance practices represent the best interests of shareholders by maximizing the long-term value of the Company. Our Board is responsible for monitoring on an ongoing basis the effectiveness of management's implementation of the vision, strategies, policies and decisions. Bottom line – acting responsibly works to the best interests of all stakeholders – our shareholders, customers, employees, suppliers and the communities where we operate."

Sharon L. Kaiser
Corporate Secretary

1993 Raised $9.3 million in IPO. Net income was $5.2 million.

1994 First Canadian carrier to win North American Grand Prize Safety Award. Installed mobile satellite communication system in Oilfield Services segment.

1998 At low point of commodity price cycle, Mullen positions for acquisitions, based on track record of acquisitions and under-leveraged balance sheet.

1999 Mullen acquires eastern based freight carrier and looks to expanding the oilfield services business.

Outlook

"The power of our business model is that we are able to acquire quality companies and integrate them into the Mullen group quickly and effectively. We also provide new opportunities to the people who helped build those companies. Essentially the acquisition strategy is an exercise in adding building blocks. We see the window opening on new opportunities that are energy-related."

Murray K. Mullen
Chairman, President and Chief Executive Officer

2000 Mullen declares first semi-annual dividend of 20 cents per share. Expands into heavy crude oil services.

2002 Mullen increases presence in heavy crude oil services.

2003 Further acquisitions position Mullen to take advantage of activity in the Alberta oil sands.

>> The economy and energy prices are strong and the outlook is positive. We are poised for a new decade of growth that will be energy-related and profit-driven.

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Corporate Services >>

from left:

Stephen Clark
Director of Accounting

Tammy Wood Little
Director of Information Systems

Richard Maloney
Director of Business Development

Norm Shupe
Vice President, Operations

Cathy Delay (seated)
Director of Human Resources

"We have successfully integrated some nine new companies under the Mullen brand in the past 18 months. The integration is fairly seamless because there's a centralized group of services that immediately identifies best practices and allows the business units to focus exclusively on one thing – customer service.

Mullen provides a single source of capital resources, centralized banking, training, human resources and technology services.

We have integration down to a science. The art of it is our focus on people, which allows the business units to evolve to a more sophisticated, efficient and ultimately more profitable level."

<< "The integrity of our financial disclosure is not new, despite the new regulatory environment affecting publicly-traded companies. At Mullen, integrity means reporting results as they are. We strive to manage our business for consistent, long-term growth and to achieve competitive returns for our investors. Our goal is to remain a financially strong company in any economic environment with the financial resources to seize opportunities as they come along."

David E. Olson
Vice President, Finance
and Chief Financial Officer

Scaling Up

- Mullen has over 2,400 employees, owner-operators and contractors.
- $100 invested in Mullen in 1993 was worth $878 at year-end 2003.
- Market capitalization since 1993 has increased 1,100 percent from $49.0 million to $589.0 million in 2003.

Three key strategies drive our growth:

- Acquisitions that meet well-defined criteria.
- A strong balance sheet.
- A focus on efficiency which drives profitability.

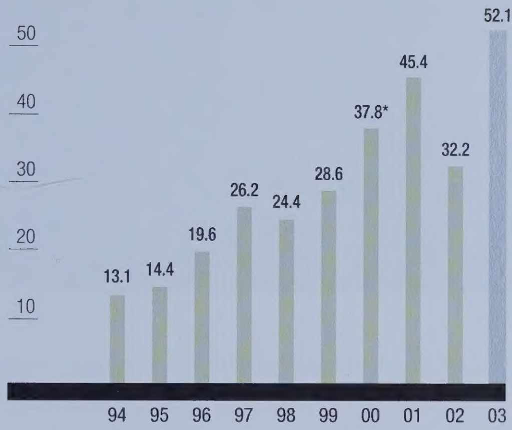
FINANCIAL HIGHLIGHTS

Year ended December 31

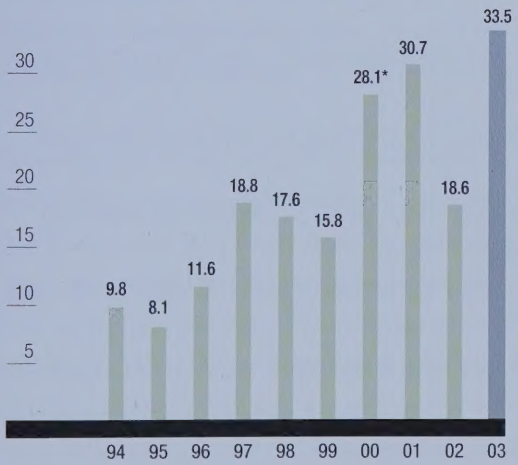
($ millions except per share amounts)	2003	2002	% CHANGE
Revenue	$ 421.5	$ 302.5	39.3%
Direct operating expenses	$ 305.1	$ 224.7	35.8%
Selling and administrative expenses	$ 36.8	$ 32.0	15.0%
Employee profit share	$ 7.4	$ 2.4	208.3%
Operating income	$ 72.2	$ 43.4	66.4%
Net income	$ 33.5	$ 18.6	80.1%
Earnings per share	$ 2.26	$ 1.27	78.0%
Funds from operations	$ 52.1	$ 32.2	61.8%
Funds from operations per share	$ 3.51	$ 2.20	59.5%
Debt to equity	0.33:1	0.20:1	

Consolidated Revenue *($ millions)*
(Continuing Operations)

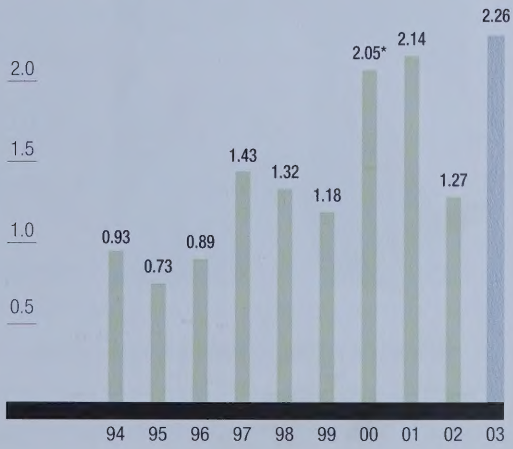
Funds From Operations *($ millions)*
(Continuing Operations)



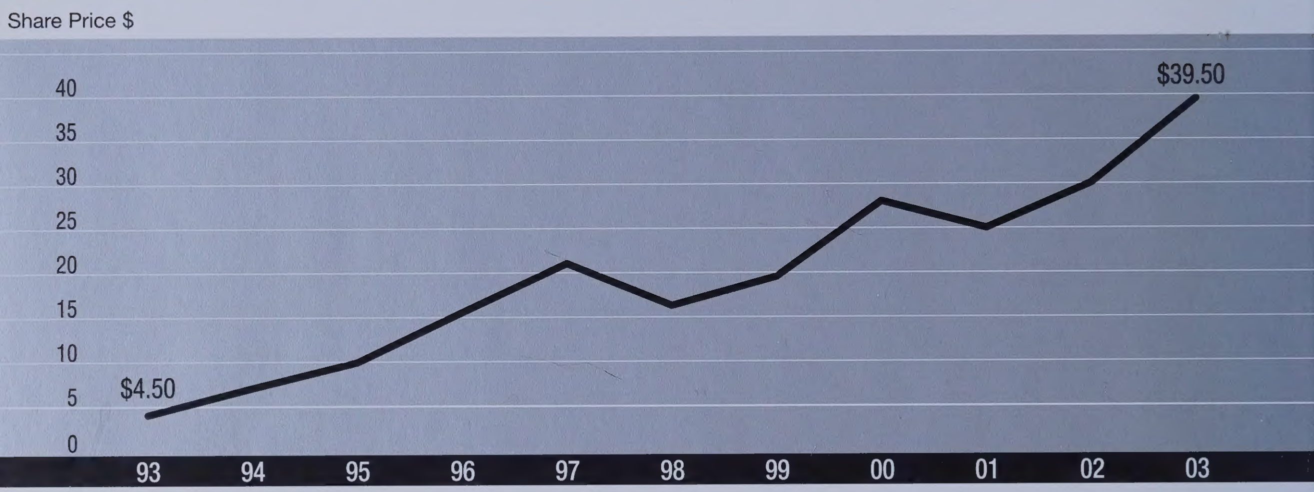
Net Income *($ millions)*
(Continuing Operations)



Net Earnings per Share *($)*
(Continuing Operations)



* 2000 figures have been restated to account for discontinued operations.



Fellow employees and shareholders

2003 was one of the most successful years of the past decade, and a wonderful vantage point to consider where we will go in the next ten years. We are strong financially and operationally, thanks to the economy, proven business fundamentals and our ability to acquire companies with well defined market niches and then integrate them into the Mullen group.

INVESTMENT VALUE GROWTH

Mullen issued its IPO in 1993, raising $9.3 million at a price of $4.50 per share. In 2003, the stock tra[illegible] between $28.25 and $39.75 [illegible] share, closing the year a[illegible] At year-end 2003, Mullen had [illegible] 14.9 million shares outstanding translating into a market capitalization of approximately $600 million

I am often asked whether the name of our Company, Mullen Transportation Inc., adequately describes the business we serve considering that the Oilfield Services segment now represents nearly two-thirds of our overall revenues. The short answer is that it probably doesn't, which means that ultimately one day I will have to address the issue. But for those of you who know me, names are not what I worry about. My focus is ensuring that our business units remain industry leaders in the markets they serve. This means that the businesses must be profitable and that our over 2,400 employees and owner-operators have a safe working environment. These are the simple fundamentals we focus on.

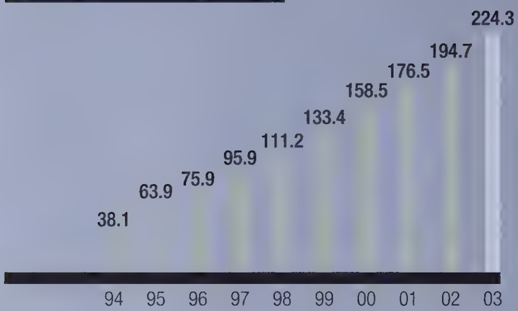
We have also created real wealth for our shareholders, evidenced by our ever-growing shareholders' equity. In 1993, it was a mere $22.9 million. Today, it exceeds $224.0 million. During this same period the market capitalization of Mullen expanded by over $540.0 million and our long-term shareholders saw the value of their shares grow from $4.50 to $39.50 per share. In this year's annual report I will summarize the highlights behind this success and outline a few thoughts about what the next 10 years might bring.

Let me start by acknowledging that our past success was achieved with the benefit of an expanding economy, a tripling in drilling activity in western Canada, and strong capital markets. The fact remains, however, that our organization capitalized on these opportunities. It took vision, planning, execution and most important, an ability to adapt to changes in the market – trademarks that we will continue to embrace.

I also want to acknowledge the outstanding efforts of our employees and owner-operators – individuals who bring their creative energy, drive and passion to work every day. Without you we would have no business and no way of achieving the results we do. On behalf of your Board of Directors and shareholders, I thank you.

In previous annual reports I have outlined how we have transitioned Mullen from a pure trucking company into more of an energy services company. Yes, we still utilize trucks in our business, as evidenced by our fleet of 1,300 power units, but we have increasingly invested in companies that provide more than just a trucking or freight delivery service. Today we focus on the value-add of the service, not just the truck unit. For example, in our growing Oilfield Services

Shareholders' Equity
($ millions)



Total Assets
($ millions)

segment, we have ten business units that provide oil and natural gas companies with a wide range of specialized services ranging from the dismantling, hauling and rigging up of drilling rigs to drilling services, such as conductor pipe and casing setting, well servicing utilizing the latest in coiled tubing technology and most recently, the drilling of core samples. Each service utilizes trucks, but the value-add is in the service provided to the customer, not in the truck itself. This is how we believe we can derive the best overall returns to our shareholders.

[illegible]eat Year

Readers of last year's annual message will recall that I expected 2003 to be a record year for the Mullen organization for two reasons. First, drilling activity was expected to rebound sharply from 2002 levels of 15,700 wells drilled. Second, we acquired seven energy-related service companies in 2002. This combination was expected to generate higher profits and significantly higher returns.

So how did we do? As it turns out, our performance was relatively in line with our stated expectations. Drilling activity hit new records with some 21,700 oil and natural gas wells drilled in 2003, an increase of approximately 6,000 wells. This had the effect of improving equipment utilization and providing pricing leverage, most of which was achieved in the fourth quarter. This drilling rebound also validated our acquisition strategy. Acquisitions are always challenging, with the ultimate success determined by the success of the integration process. At Mullen we are well aware of these challenges, and while immediate results are always welcome, the fact remains that maximum benefits are rarely achieved during the first year of any acquisition. Patience is nearly always required.

2003 was also a year that the general health of the North American economy improved, at least for the foreseeable future. Today there is little doubt that the steps taken in the United States have had an immediate impact on its economy, which translates into an increase in freight shipments. Unfortunately, the news was not as positive in Canada. The rapid rise in the Canadian dollar against the U.S. dollar had the dual affect of stifling growth in the Canadian economy as well as directly impacting the

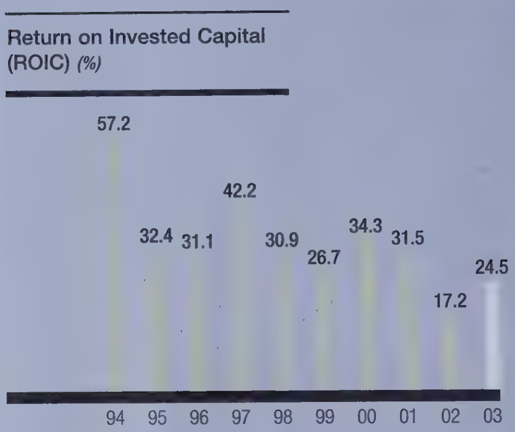
exchange conversion factor on our U.S.-dollar-based business. For these reasons we closed our operations in Holland, Michigan in March 2003. Obviously this was a difficult decision, but as a Canadian company operating in the competitive U.S. trucking industry we felt we had little choice. While this closure will affect revenues, it is not expected to have a negative impact on future earnings.

On the whole, 2003 was a great year. We achieved the anticipated record results; both segments of our business were operating at or near capacity by the end of the year; and we positioned the Company for another record year with the acquisition of Cora Lynn Drilling Co. Ltd. late in 2003.

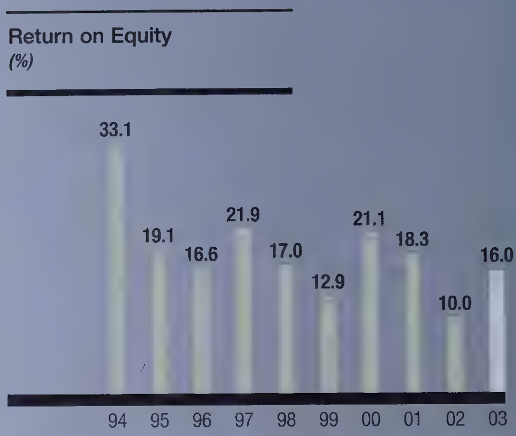
Vision – The Next 10 Years

The cornerstone of Mullen's future is embedded in our unshakeable belief that entrepreneurialism is the core strength of any successful company. Our continued success is undisputedly linked to our ability to keep our existing business units focused on the fundamentals that drive their business model. The fact that there are 14 independent business units operating under the Mullen brand proves the power of the entrepreneurial spirit. While many speak about empowerment and creating a productive work environment – one that challenges people to treat the business like it is their own – at Mullen, we practice it. Why? Because in the early days Mullen was a small but very focused business, owned and operated by entrepreneurs. The first thing you learn when the business is family-owned, is that as the owners, you bear the cost of any bad decisions. You learn quickly to take every decision seriously. Further, you learn that hard work can minimize the number of bad decisions. These are two very important characteristics of successful entrepreneurs.

For these reasons, Mullen ensures that all business units are responsible for and accountable for their own operating performance and results. We add to that a well-defined profit sharing plan to ensure that we derive maximum performance from each unit. The plan rewards all eligible employees based upon the ability of the unit to generate profits in excess of their cost of capital. And true to our entrepreneurial spirit, the plan is open-ended and uncapped. In other words, the higher the profits, the greater the profit share. This type of plan creates an environment in which employees take command of the business, take ownership of all aspects of their business unit, and – I reinforce this point – are rewarded as owners.



ROIC is calculated by dividing earnings before interest and taxes by the total of the long-term debt and equity at the beginning of each year.



Here's an example. Although 14 business units in our Company combined to generate $7.4 million in profit share in 2003, there was a wide variation in how the profit share was distributed. Two business units failed to generate the minimum 13.5 percent return on invested capital last year. Consequently, neither employees nor management of those units received any profit share or bonuses. On the opposite end of the spectrum, two of our business units generated a profit share in excess of $1 million each. This is the kind of performance each unit strives for. I can tell you from first-hand experience that the employees not only work hard, they have learned that looking after the customer and generating profits for the shareholder can be very rewarding. I am quite confident in saying to our shareholders that there are many highly motivated and caring people in the Mullen organization who are striving to do the best they can every day. They are proving the first cornerstone of our future success – self-managed business units.

A second and equally important cornerstone is growth through acquisition. I want to be very clear about this issue – our acquisition strategy is not predicated on growth for the sake of growth. Acquisitions are only considered if they meet two tests: can they be successfully integrated into the Mullen organization; and does the investment meet the financial test of return on invested capital.

To our early shareholders, you may find these words somewhat repetitive. To our new shareholders, our approach to acquisitions is worth clarifying. Mullen will most certainly continue to pursue a measured and well thought-out acquisition strategy. We identified this as a principle factor in the decision 10 years ago to transform the then-family business into a public organization. In fact, as I review the reasons behind our belief that acquisitions were inevitable, I remain convinced that this trend will continue. And the principle reason remains – entrepreneurs ultimately need liquidity. Whatever the motivation for exiting – family issues, personal reasons, age, the stresses of business, or simply because the owners have a desire to monetize all of their hard work and success – business owners have limited options when it comes to crystallizing their investment. At Mullen we understand their issues and believe that we have created an organization that can serve as a valuable option

for these successful business owners. In our ten-year history we completed over 20 acquisitions. There is, however, a very significant difference between today and ten years ago. Today, our executive team has the knowledge and experience that it takes to successfully complete an acquisition strategy, whereas in the past we relied heavily on our vision.

There will continue to be challenges and our team must remain focused and diligent. We also need to start thinking outside of our traditional comfort zone and increasingly diversify our organization over the next 10 years. We will maintain our investments in the two sectors of the economy we currently serve – the oil and natural gas industry and the transportation industry – but will increasingly look at investing in other related businesses. These may not be directly linked to the oil and natural gas services or transportation sectors, but they will meet the twin tests of integration and return on invested capital. We also have a very good backup plan in the event that quality acquisition opportunities do not materialize: our shareholders will still have a great company that generates significant free cash.

In the near term, we expect 2004 will be another exciting year for our organization. The economic situation appears to be stabilized, signs of renewed growth are appearing regularly, and business leaders are generally more positive. This is important because economic growth, inventory rebuilding, job growth and ultimately capital investment are crucial factors in the demand for trucking services. And any growth in demand will most certainly benefit our Trucking segment, given the tightening supply situation within the trucking industry.

Of equal significance is that as the U.S. economy expands so does the world economy, all of which positively influences the demand for energy. This is very important to our Company because since the beginning of 2002 we have invested approximately $120.0 million in acquisitions, all leveraged to the energy sector in western Canada. Our latest acquisition was Cora Lynn Drilling Co. Ltd. which we completed in October 2003. Cora Lynn Drilling is a leader in the core drilling sector of the oil and gas industry, currently operating 28 late model truck-mounted drill units specifically designed to drill and recover core samples for major oil companies engaged in the development of the very large oil sands deposits in northern Alberta. Core samples help customers determine the exact depth and characteristics of the oil deposits. All in all, we are quite confident that 2004 will be a record year for Mullen Transportation Inc.

One Last Word

Ten years ago we started with a VISION, one that we can proudly say has been achieved, thanks in a large part to a lot of believers. One of those believers was Guy Nelson who has been a valuable Board member since December 1993. Another is Pat Shouldice. Both of these individuals shared their knowledge, experience and most important, their time and passion with myself and our executive team. Our shareholders received the benefit of their wisdom. Guy and Pat have completed their tenure with our organization and will be leaving the Board in May. I know I speak for many when I offer a very large thank you for their contributions.

On behalf of your Board of Directors,

Murray K. Mullen
Chairman, President and Chief Executive Officer
March 11, 2004

Operations Review

"High crude oil and natural gas prices led to a record 21,733 wells drilled in western Canada in 2003 and continued capital investment by the energy sector."

Bruce W. Mullen

[illegible] ...nsportation Inc. and
[illegible] – Oilfield Services

"In 2003, operating income in the Trucking segment increased by 13.8 percent over the prior year, primarily due to growth in the Alberta economy."

David E. M[illegible]

[illegible]

- Revenues and operating income reached record levels in 2003.
- The crude oil hauling acquisitions utilize subcontractors rather than company-owned trucks, generating higher returns on invested capital.
- This also explains, however, the lower operating margins compared to 2000 and 2001.

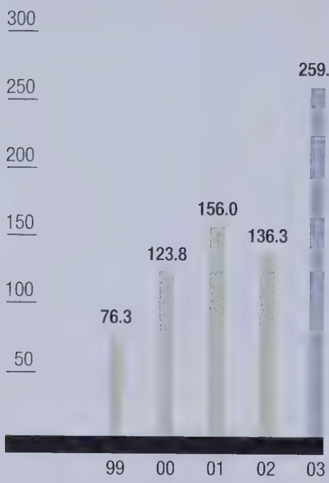
Oilfield Services

Four Primary Services

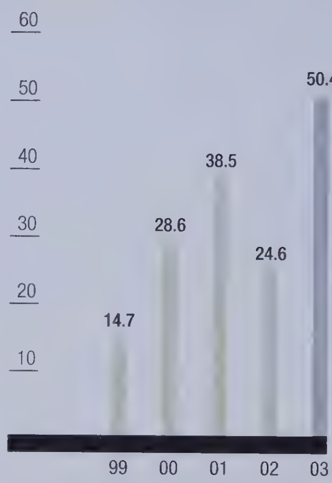
Drilling Activity	Capital Projects/Oil Sands	Conventional Heavy Oil	Mackenzie Delta Region
Anderson Air Drilling Ltd. Water well drilling, conductor pipe and casing setting	**Premay Equipment Ltd.** Transporter of oversize and overweight items	**E-Can Oilfield Services Partnership** Specialized services to the heavy oil industry	**Beaufort Oilfield Support Services Ltd.** (49% equity ownership)
Cora Lynn Drilling Partnership Casing setting	**Cora Lynn Drilling Partnership** Core drilling	**Heavy Crude Hauling Partnership/ Lloydminster Heavy Crude Services Ltd.** Bulk hauling of heavy oil and produced water	**Premay Pipeline Hauling Ltd.** Stockpiling and stringing of pipe related to oil and natural gas transmission
FSJ L.A.N.D. Transport Ltd. Drilling rig relocation services			
Mullen Trucking Inc.- Oilfield Services Drilling rig relocation services			
OK Drilling Services Inc. Conductor pipe and casing setting			

2003 Performance

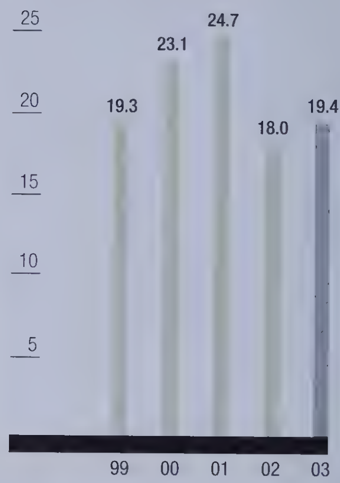
Oilfield Services Revenue
($ millions)



Oilfield Services Operating Income
($ millions)



Oilfield Services Operating Income
(as a % of Revenue)



$50.4 million in operating income. These results are due to the combination of timely acquisitions and record drilling activity in western Canada which led to an increase in equipment utilization and pricing improvement across each business unit.

In last year's annual report we suggested that the Oilfield Services segment should have a "sharp rebound in 2003" due to the strong prices for both crude oil and natural gas. Further, we used the temporary industry slowdown in 2002 to acquire a number of competitors – all industry leaders – and to expand the range of services to our oil and natural gas customers. As a result of these initiatives and the drilling of a record 21,733 wells in 2003, Mullen's Oilfield Services segment achieved a record performance last year.

Today the oil and natural gas companies in Canada generate revenues in excess of $30 billion, a significant portion of which is reinvested in western Canada. In our business model we have identified three core areas where the industry currently invests – drilling, capital projects, and heavy oil. There is also an emerging area that we believe has great potential – the Mackenzie Delta Region in northern Canada.

Drilling Activity

While drilling activity reached record levels in 2003, a significant portion of these wells were either shallow or development wells that typically utilize smaller drilling rigs, fewer trucking services, and generally cost less to drill and bring on production. This trend may continue for a few years. Upon closer examination of 2003 drilling results, natural gas producers failed to keep pace with production declines from existing wells in 2003. For example, recently released data suggests that even though the industry drilled over 14,000 natural gas wells in 2003, overall production from the western Canada Sedimentary Basin declined by

approximately 0.5 bcf per day from 2002 production levels. Given this situation we expect that drilling activity should remain strong for years to come and that exploration and production companies will begin focusing on much deeper regions of the Basin and accelerate exploration drilling. This will be good news for our drilling services business units.

Capital Projects/Oil Sands

The oil sands deposits continue to attract billions of investment dollars into Alberta. In fact current projections suggest that daily oil production from the oil sands will grow from the current one million barrels per day to over 2.5 million by 2015. To reach that level, the oil deposits must be recovered from the oil sands and converted into useable refinable crude oil. Premay Equipment Ltd. is the leader in specialized transportation services, engineering equipment and designing solutions to transport the modules and major components to the project sites.

Cora Lynn Drilling Co. Ltd., our newest acquisition, is a core drilling specialist service that developers of oil sands will most likely continue to utilize for many years. The timely drilling and recovery of core samples is needed to determine the quality and depth of the oil sands prior to commercialization.

Both Premay Equipment and Cora Lynn give Mullen a solid presence in this sector of the oil industry.

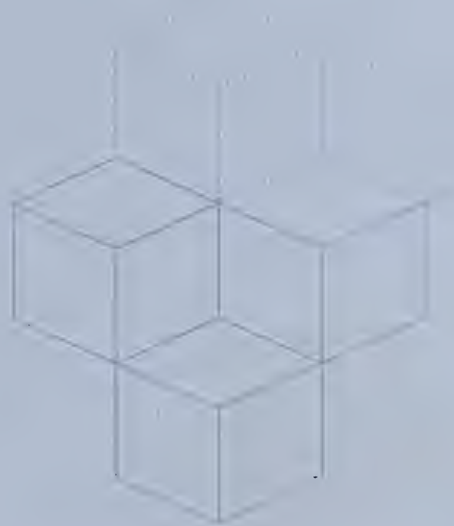
Heavy Oil

The northeast portion of Alberta contains significant reserves of conventional heavy crude oil deposits. These deposits, while readily available, have a unique characteristic. The wells are typically slow, but steady, producers of heavy oil, water and sand. Production is captured in large storage tanks at the well site and transported by truck to local oil battery stations.

Through our three business units the Mullen group is one of the largest employers and suppliers to this sector of the oil industry. Heavy oil continues to be an area of growth for our organization and one that should continue to expand given the expected strong pricing for crude oil.

Mackenzie Delta Region

After much hype in 2000–2001 there has been little activity in the most northern regions of Canada. This is a very challenging and costly area to conduct business with no pipeline capacity at present to move the vast natural gas deposits to market. Although negotiations with various parties continue, the exact timing of the Mackenzie pipeline remains uncertain. At Mullen, however, we believe that the pipeline will ultimately be approved and we will be well positioned to capitalize on the opportunities. This may be through our wholly-owned subsidiaries or through Beaufort Oilfield Support Services (B.O.S.S.), a joint-venture initiative we participate in with E. Gruebens Transport, a locally-owned company based in Tuktoyuktuk. Through B.O.S.S. we can provide a wide range of services including housing, catering, barging and dock services.



Trucking Services

Western Canada	Eastern Canada
Cascade Carriers Ltd. Cement and dry bulk freight specialist based in western Canada	**Mill Creek Equipment Ltd.** Truckload and less-than-truckload van freight in Canada, USA and Mexico
Grimshaw Trucking Ltd. Regional less-than-truckload freight in Alberta, British Columbia and the Northwest Territories	
Mullen Trucking Inc. – Truckload Irregular route truckload and less-than-truckload freight in Canada and United States.	
Payne Transportation Inc. (45% equity ownership)	

The Trucking segment of our business is comprised of five of Canada's leading and most profitable trucking firms, each operating within a unique market niche. These companies continue to generate positive returns for Mullen's shareholders in spite of the competitive pricing environment, many industry challenges and a 20 percent appreciation in the Canadian dollar in 2003. We continue to evaluate acquisition opportunities in this segment of our business; however, as of yet the returns on capital employed are not compelling enough to justify any significant new investment. Nevertheless, much of the excessive industry over-capacity is showing signs of easing which should be positive for the industry once the growth rate in the Canadian economy accelerates.

Western Canada, and in particular Alberta, once again proved to be the bright spot for our trucking business. Continued strong construction and housing starts, combined with increased capital spending and drilling activity by the energy sector of the economy, contributed to the strong demand for trucking services in this region.

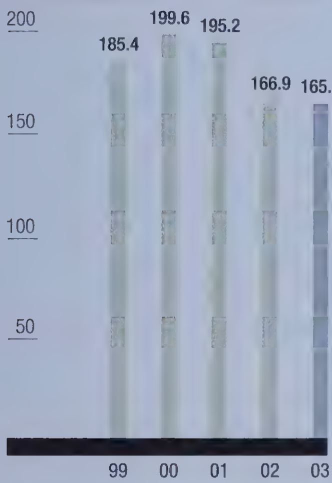
The year 2003 was another active year in the development of the infrastructure required to extract and refine the vast oil reserves contained in the oil sands deposits in northern Alberta. Mullen Trucking Inc. – Truckload was a primary beneficiary of this expansion, transporting in excess of 4,000 shipments to the Syncrude UE-1 Project at Fort McMurray, Alberta, a project considered one of the largest ever undertaken in this region. Mullen worked closely with Syncrude, its suppliers and project engineers to schedule the delivery of the plant components on time and with minimal damage – no small task considering the loads were sourced from across North America and many required specialized handling and care. This project is expected to be completed by mid-2004 and may be followed by new projects currently in the design phase.

Cascade Carriers Ltd., a specialized pneumatic bulk carrier, enjoyed a very strong year hauling record loads of cement for Lafarge Canada Inc. and its customers, including the oil and natural gas industry which drilled a record number of wells in 2003.

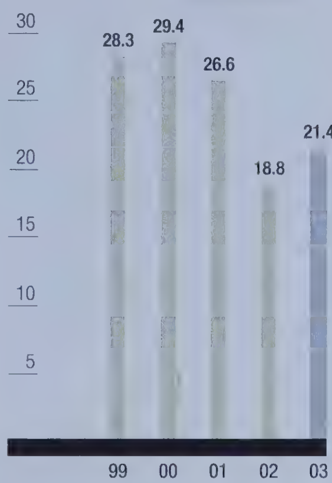
Cascade also initiated a major capital program in 2003. The company acquired 30 new trucks, the last of which

2003 Performance

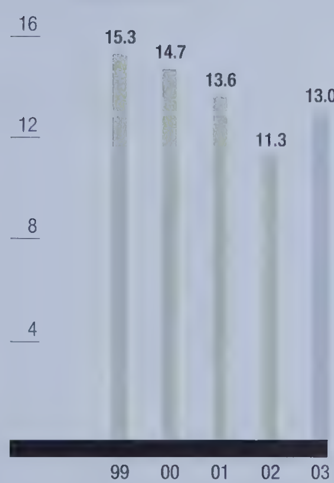
Trucking Revenue
($ millions)



Trucking Operating Income
($ millions)



Trucking Operating Income
(as a % of Revenue)



was placed into service in December. It is anticipated that the new units will ensure that Cascade can meet the demanding service requirements of its customers while minimizing the total truck operating costs.

Grimshaw Trucking Ltd. enjoyed another profitable year, although revenues were flat on a year-over-year basis. The management team has endorsed our award winning "On The Road To Quality" program designed by Mullen, leading to improved delivery times and new customer accounts. As a major provider of scheduled less-than-truckload services to communities in northern Alberta, British Columbia and the Northwest Territories, the acquisition of new customers, accompanied by a focus on cost reduction, should boost profitability in the coming years.

Eastern Canada

Eastern Canada remained a difficult operating environment in 2003, particularly during the first half of the year. This was a major factor in the 10 percent revenue decline over the previous year. Nevertheless, there were a number of positive events throughout the year. The demand for air-ride van-type services increased in the last quarter, allowing Mill Creek to gain new customers and position for a stronger 2004. With the improving fundamentals and a new management team, Mill Creek placed an order for 50 new trucks for delivery in the first quarter of 2004. These new units will be acquired under an operating lease and will help Mill Creek retain and attract drivers, reduce overall operating costs and improve customer service initiatives.

United States

In March 2003, the Company made the difficult decision to close the U.S.-based trucking division. This business was extremely competitive, posed unnecessary risks to the Company and was unprofitable in both 2002 and 2003. As a result of this closing, revenues declined to $3.1 million in 2003 from $13.3 million in 2002. All 2003 revenues were generated in the first quarter.

Management's Discussion & Analysis

[illegible] be read in conjunction [illegible] ncial statements, which are [illegible]

This report contains forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "believe", "expect" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk, uncertainties and assumptions. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this report are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Mullen Transportation Inc. (Mullen and/or the Company) is a diversified transportation and oilfield services company. The Company's activities are divided into two distinct business segments: Oilfield Services and Trucking. Each segment supplies different services with various types of equipment and there is also diversification within each segment. The Company's strategy has been to expand the Oilfield Services segment to include new areas of services, which it did in 2002 and 2003. This strategy is designed to enable the Company to benefit from the expansion of the oil and natural gas industry in western and northern Canada. The 2003 acquisition of Cora Lynn Drilling Co. Ltd., a company that provides core drilling services to companies involved in production of oil from Alberta's oil sands, complements the range of services Mullen provides to the energy industry.

The consolidated financial statements referred to are prepared according to Canadian Generally Accepted Accounting Principles (GAAP), however some of the analysis refers to non-GAAP terms such as: operating income, funds from operations, and discretionary funds from operations, which are defined as:

(1) Operating income is defined as net income before interest, income taxes, depreciation, amortization, earnings from equity investments, and gains or losses on sale of property, plant and equipment (PP&E), and gains on sale of investments.

(2) Funds from operations is defined as cash provided by operations before change in non-cash working capital items.

(3) Funds from operations per share is calculated by dividing funds from operations by the weighted average number of common shares outstanding.

(4) Discretionary funds from operations is funds from operations less PP&E additions, plus proceeds on the sale of PP&E.

(5) Return on Invested Capital (ROIC) is calculated by dividing earnings before interest and taxes by the total of the long-term debt and equity at the beginning of each year.

Selected Annual Information

Continuing Operations

Year ended December 31 *($ millions)*		2003		2002		2001
Revenue	$	421.5	$	302.5	$	349.6
Net income before discontinued operations		33.5		18.6		30.5
Earnings per share – basic		2.26		1.27		2.13
– diluted		2.23		1.25		2.07
Net income		33.5		18.6		30.7
Earnings per share – basic		2.26		1.27		2.14
– diluted		2.23		1.25		2.08
Total assets		381.6		294.5		231.5
Total long-term financial liabilities		73.6		30.5		1.0
Cash dividends declared	$	0.40	$	0.40	$	0.40

In our 2002 outlook we expected that the Trucking segment would have some operational improvements over 2002, but not a strong rebound. Our 2003 operating results showed a 1.1 percent revenue decline but improved operating margins reflecting the closure of our non-profitable U.S.-based operations. Revenue in the Trucking segment declined to 38.9 percent of pre-consolidated revenue from 55.0 percent in 2002. We also expected the Oilfield Services segment would have a strong year as drilling activity was expected to increase and there were many major capital projects in progress, which would positively impact our revenue. This improved business activity, combined with the effect of seven acquisitions in late 2002, resulted in a 90.2 percent increase of revenue in the Oilfield Services segment. Revenue in Oilfield Services increased to 61.1 percent of total revenue, up from 45.0 percent in 2002.

Consolidated Revenue

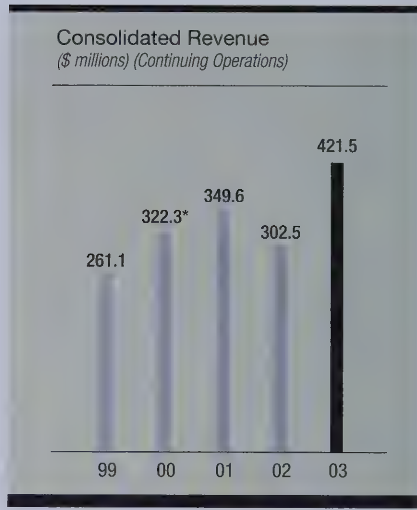
Consolidated revenue increased by 39.3 percent to $421.5 million from $302.5 million in 2002. The $119.0 million increase was primarily due to the effect of the seven Oilfield Services acquisitions in late 2002 and to increased rig moving revenue. Oilfield Services revenue increased to $259.2 million from $136.3 million in 2002. The Trucking segment revenue fell to $165.1 million from $166.9 million, reflecting the effect of shutting down the U.S. Mill Creek subsidiary. The lower revenue was partially offset by improved revenues in western Canada.

Direct Operating Expenses

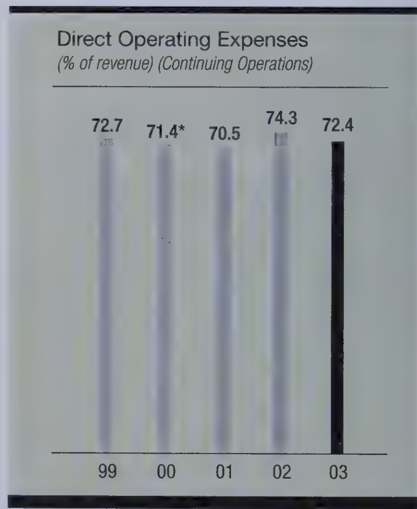
Direct operating expenses include costs of subcontractors who are hired on an as-needed basis, owner operators, who have their own equipment but are licensed under and work exclusively for Mullen, and direct operating costs for company-owned or leased vehicles and trailers. In 2003, these costs increased to $305.1 million or 72.4 percent of revenue from $224.7 million or 74.3 percent of revenue. The percentage decrease reflects the effect of higher revenue in the Oilfield Services segment, which traditionally has higher margins than the Trucking segment. The Trucking segment, although smaller as a percent of revenue, had higher margins as well, which contributed to the improved corporate margin.

Selling and Administrative Expenses

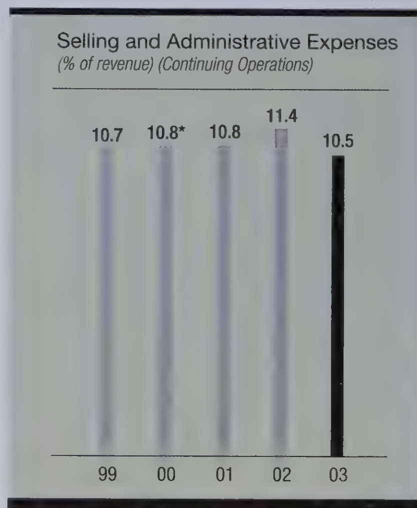
Selling and administrative expenses increased to $44.2 million, from $34.4 million in 2002. The $9.8 million increase is primarily due to a $5.0 million increase in the employee profit-share plan, and to approximately $4.7 million of increased administrative costs associated with acquisitions in late 2002 and 2003. The employee profit share is based on returns on invested capital in operating subsidiaries. If returns improve, the profit share increases. For the year, selling and administrative expenses declined on a relative basis to 10.5 percent of revenue from the previous year's 11.4 percent, the lowest level in five years.



* 2000 figures have been restated to account for discontinued operations



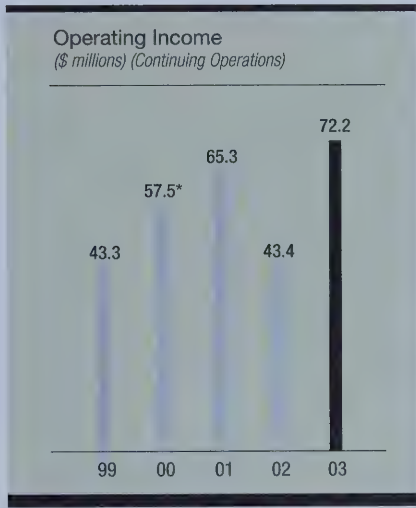
* 2000 figures have been restated to account for discontinued operations



* 2000 figures have been restated to account for discontinued operations

Operating Income

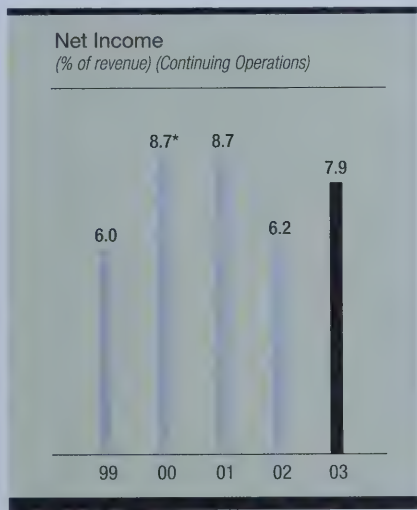
Operating income, defined on page 21, increased to $72.2 million or 17.1 percent of revenue, from $43.4 million or 14.3 percent of revenue in 2002. The increase reflects the effect of the 2002 acquisitions and higher revenue and improved equipment utilization in existing businesses. The Oilfield Services operating income increased by $25.8 million and the Trucking segment increased by $2.6 million. The remaining increase of $0.4 million in operating income was generated from non-segmented sources.



* 2000 figures have been restated to account for discontinued operations

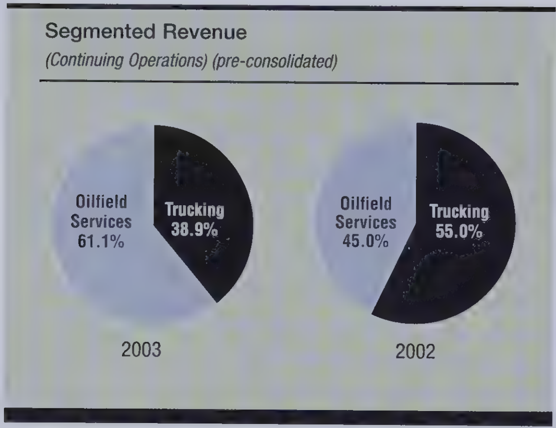
Net Income

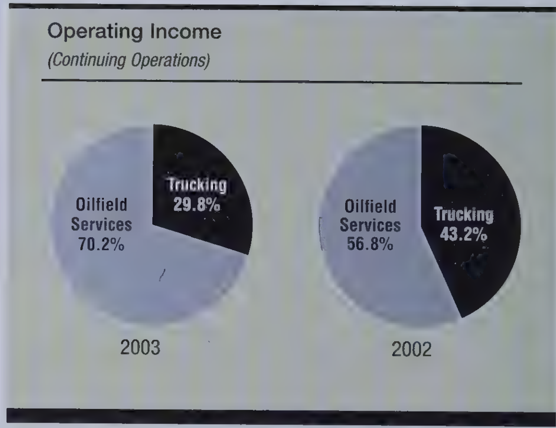
Net income increased by 80.1 percent to $33.5 million from the prior year's $18.6 million. The increase was primarily due to the Oilfield Services segment as revenue and margins improved, and to a smaller extent to improved income in the Trucking segment. Earnings from equity investments declined from $0.9 million to $0.3 million. The decline was due to lack of earnings from our 49 percent equity interest in Beaufort Oilfield Support Services Ltd., a company which owns a camp facility in Tuktoyautuk, Northwest Territories, which in 2001 to 2002 had been rented to a large oil company. In the fall of 2002 the camp facility was vacated and no earnings were generated in 2003. The Company feels this is a temporary situation and will change when there is more progress on the anticipated construction of a northern pipeline. The other equity investments, including a 45 percent ownership of Payne Transportation Inc. and a 35 percent interest in Mackenzie Delta Inuvialuit Oilfield Services Inc., continued to generate earnings. Other items which affected net income were declines in income tax rates. The federal income tax rate declined by two percent to 24.1 percent from 26.1 percent and Alberta's corporate tax rate fell by 0.5 percent during the year. This resulted in the total rate dropping from 39.1 percent to 36.6 percent of pretax income. These decreases resulted in approximately $1.3 million of reduced income tax in 2003. The benefit was partially offset by a 1.5 percent increase in Ontario's corporate tax rate which caused a $0.3 million fourth quarter increase in tax. The net effect of income tax changes increased net income by approximately $1.0 million in 2003.

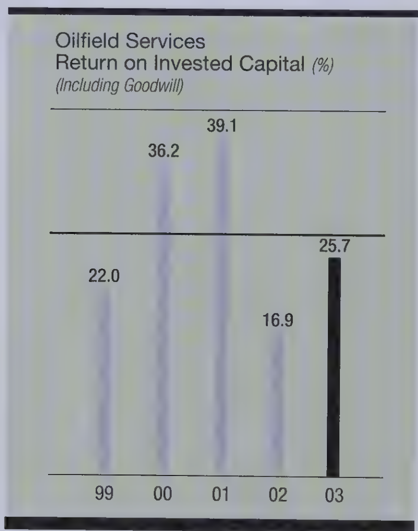


* 2000 figures have been restated to account for discontinued operations

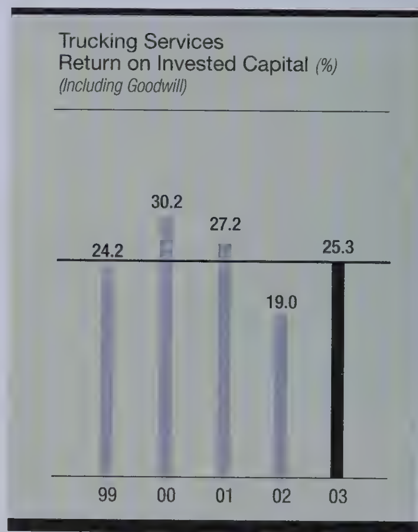
Segmented Results







— Five year average return on invested capital of 28.0% from 99-03.



— Five year average return on invested capital of 25.2% from 99-03.

Oilfield Services Segment

Rig Moving Services: dependent on oil and natural gas drilling activity in western and northern Canada.

- Mullen Trucking Inc. – Oilfield Services
- FSJ L.A.N.D. Transport Ltd.
- MTI Delta Energy Services

Drilling Services: dependent on oil and natural gas drilling activity and core drilling for the oil sands industry.

- OK Drilling Services Inc.
- Anderson Air Drilling Ltd.
- Cora Lynn Drilling Partnership (Cora Lynn)

Production Services: dependent on transporting heavy oil and servicing heavy oil wells.

- E-Can Oilfield Services Partnership (E-Can)
- Heavy Crude Hauling Partnership
- Lloydminster Heavy Crude Services Ltd.

Specialized Services: dependent on major capital projects and big inch pipeline work.

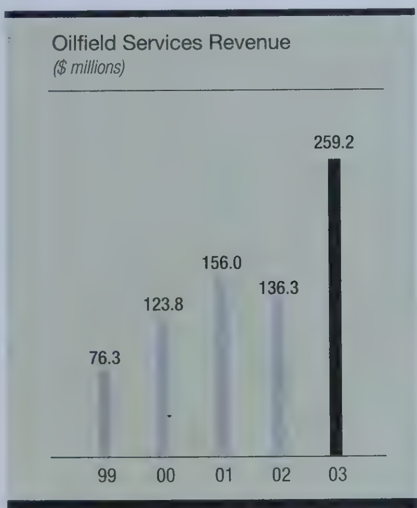
- Premay Equipment Ltd.
- Premay Pipeline Hauling Ltd.

Mullen expected an increase in demand for the Oilfield Services segment in 2003 on the basis that high prices for oil and natural gas would stimulate exploration, drilling and production. This prediction was realized as the number of oil and natural gas wells drilled in western Canada increased to 21,733 from 15,682 in 2002. This generated improved results in our rig moving and conductor pipe setting businesses. The high prices for heavy oil also created increased demand for service and transportation work for E-Can, Lloydminster Heavy Crude and the Heavy Crude Hauling Partnership. Continued capital investment on major projects in Alberta also benefitted Premay Equipment, which hauls large items required for these projects. Premay Pipelines continued to be in a "holding" pattern due to limited "big inch" pipeline work. On October 30, 2003 the Company acquired Cora Lynn Drilling Co. Ltd., which specializes in core drilling related to oil sands exploration. This business is highly seasonal with 75 percent of its annual business done in January-March. As such, it made no contribution to income in 2003, losing $.04 per share in the fourth quarter of 2003 due to costs incurred in preparing for the busy drilling season. All the businesses operate in a competitive environment with competitors ranging from small local businesses to large international companies.

Revenue

Revenue is earned by either contractors (subcontractors or owner operators), or company equipment doing the work. When there is a heavy demand for work and company equipment and owner operators are fully utilized, the excess demand is handled by subcontractors which gives the segment flexibility to handle peak periods of demand.

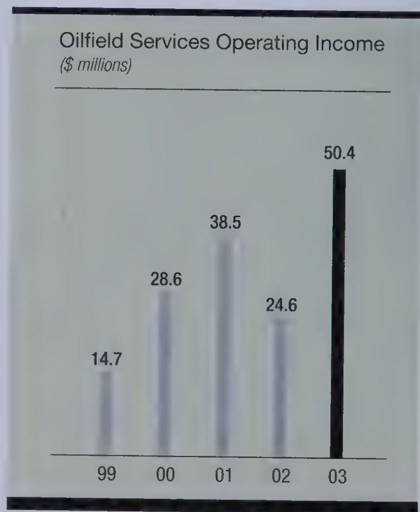
Revenue in the segment increased by $122.9 million or 90.2 percent to $259.2 million from $136.3 million. Approximately $86.4 million of the increase related to the acquisitions in 2002 and to the acquisition of Cora Lynn on October 30, 2003. Revenue from those acquisitions was mainly due to conductor pipe setting, directly related to wells drilled, and to the hauling of heavy oil from well sites to processing facilities. The balance of the increase is primarily due to $27.3 million of increased revenue from rig moving activity and, to a lesser extent, to increased revenues from Premay Equipment and E-Can. The rig moving activity is directly related to the increase in the number of oil and gas wells drilled in western Canada, and more specifically, in western Alberta,



northeastern British Columbia and northern Canada. In 2003, E-Can had a 22.7 percent increase in revenue over the prior year as both drilling and other activity associated with heavy oil remained strong. Premay Equipment also had a 17.0 percent increase in revenue, as expenditures on major capital projects continued.

Revenue generated by contractors increased by $66.9 million to $116.4 million, or 44.4% of segment revenue, up from 36.4 percent of the segmented revenue in 2002. This reflects the extensive use of subcontractors in our heavy oil hauling business and increased use of subcontractors in other business units, in order to handle increased demand for services. Revenues earned by company-owned equipment increased by $55.6 million to $141.9 million, or 55.1 percent of segment revenue from $86.3 million or 63.6 percent of segment revenues. The remainder of the revenue was for miscellaneous administrative items.

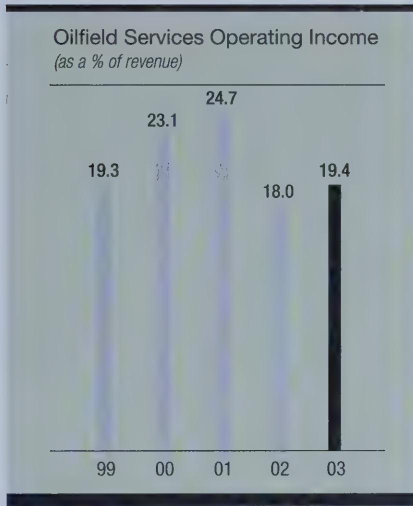
Operating expenses include both direct operating and selling and administrative expenses. These expenses increased by $97.2 million or 87.1 percent, to $208.8 million from $111.6 million. Most of the increase reflects costs related to the new acquisitions and to increased costs related to increased revenues in pre-existing businesses.



Direct operating expenses include costs for contractors, both subcontractors and owner operators, as well as direct operating costs for company-owned or leased equipment. Total costs were $183.7 million, up 89.0 percent from $97.2 million in 2002. The gross margin increased to 29.1 percent from 28.7 percent in 2002. Contractors are used to enable the Company to meet peak periods of demand for its services. The cost of contractors increased to $91.1 million from $40.0 million in 2002, which equated to 78.4 percent of revenue earned by contractors, versus 80.8 percent in 2002. The major operating costs related to company-owned equipment are wages, fuel and repairs and maintenance. In 2003 wages decreased as a percent of vehicle revenue, but this decrease was mostly offset by increases in fuel and repairs as a percent of revenue. Overall, company-owned equipment operating costs increased to $92.6 million or 65.3 percent of company-owned equipment revenue, versus $57.2 million or 66.3 percent in 2002. Normally, with the improved levels of business activity, margins would have been higher due to better equipment utilization and pricing. However, as mentioned in our 2002 annual report, heavy oil transportation is a lower margin business which reduced the overall margin percentage increase. High margin revenues from work in northern Canada also declined in 2003, as drilling activity in the region remained at low levels as exploration companies await progress on the proposed northern pipeline.

Selling and Administrative Expenses

Selling and administrative expenses increased to $25.1 million from $14.4 million in 2002. The increase of $10.7 million was due to a combination of increased administrative expenses associated with the 2002 and 2003 acquisitions as well as a $5.1 million increase in the employee profit-share plan as returns on invested capital improved. As a percent of revenue, selling and administrative expenses were 9.7 percent in 2003 versus 10.6 percent in 2002. The percentage improvement was primarily due to lower administrative costs as a percent of revenue in the heavy crude hauling business, which has higher direct operating costs but relatively low administrative costs.



Operating Income

Operating income increased to $50.4 million, or 19.4 percent of revenue, from $24.6 million or 18.0 percent of revenue in 2002. The increase represents earnings from the 2002 acquisitions, as well as improved operating results in existing operations.

Capital Expenditures

The segment spent $18.1 million on new assets and sold $3.5 million of existing assets which were either redundant or needed to be replaced. The net capital expenditures of $14.6 million were mainly for operating equipment as the segment expanded and improved the fleet, enabling the segment to meet increased demand for its services. We estimate that capital expenditures should equal depreciation over a normal economic cycle in order to maintain business levels. We also take into consideration the leveraging effect of using contractors in busy times to cope with increased demand. In 2002 net capital expenditures were $9.7 million. In addition to normal capital expenditures, the segment acquired $36.2 million of equipment with the acquisitions in 2003, compared to $36.0 million in 2002. (See Note 3 on page 48 of the annual financial statements.)

Trucking Segment

Dry bulk freight: dependent on construction and oil and gas drilling.

– Cascade Carriers Ltd. (Cascade)

LTL freight: dependent on commercial activity in northern Alberta, British Columbia and Northwest Territories.

– Grimshaw Trucking Ltd.

Air-ride vanload freight: dependent on transborder shipments between Canada, United States and Mexico.

– Mill Creek Equipment Ltd. (Mill Creek)

Irregular truckload freight: dependent on industrial activity in western Canada and transborder shipments between Canada and the United States.

– Mullen Trucking Inc. – Truckload

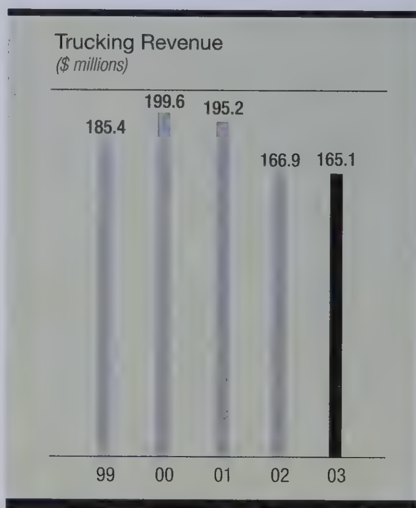
The Trucking segment provides various types of trucking services in Canada, the continental United States and Mexico. In 2003 the U.S.-based operating subsidiary, Mill Creek Motor Freight Inc., was shut down and operating assets were redeployed to the Canadian operation or sold. The closure resulted in a $10.3 million decrease in revenue from the Mill Creek operations. Net losses of the U.S. subsidiary were reduced to $0.5 million in 2003, from $0.9 million in 2002. Mill Creek continues to service its customers in the United States and Mexico from its Canadian location.

Cascade Carriers Ltd. operates primarily as a dry bulk transportation service for the construction and oil and natural gas industries in western Canada. There are many competitors, but the level of service provided to its largest customer has enabled Cascade to retain that business for many years. Cascade also is an “on demand” carrier for transporting anhydrous ammonia and liquid petroleum gas with specialized trailers. This service also has many larger competitors and the work is seasonal. In the peak season there is a requirement for Cascade’s service.

Grimshaw Trucking Ltd., based in Edmonton, Alberta, provides less-than-truckload service to approximately 200 towns and cities in northern Alberta, British Columbia and the Northwest Territories. Revenue is affected by the level of commercial activity, which is partially driven by the amount of major construction projects and oil and natural gas exploration activity. Grimshaw Trucking has many competitors, ranging from nationwide firms to smaller trucking firms, of which the majority do not offer the same service coverage as Grimshaw Trucking.

Mill Creek Equipment Ltd. is based in Cambridge, Ontario. It provides expedited air-ride vanload freight across Canada, the United States and Mexico. Its revenue is dependent on the volume of office products, including furniture, computers and other electronic products being shipped by major suppliers. Mill Creek has many competitors, ranging from large national carriers to smaller local companies.

Mullen Trucking Inc. – Truckload is based in Aldersyde, Alberta. It provides an irregular truckload service throughout Canada and the continental United States. Mullen Trucking – Truckload transports a wide range of products such as oilfield equipment, lumber, steel products, building materials, industrial equipment and heavy construction equipment such as bulldozers and graders. It has a wide variety of trailers to accommodate the diverse size of items being transported. Mullen Trucking – Truckload has numerous competitors ranging from large international freight companies to smaller local companies.



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Revenue in the Trucking segment decreased by $1.8 million, or 1.1 percent to $165.1 million, from $166.9 million in 2002. The decreased revenue reflects a $13.5 million decrease in Mill Creek’s revenues, of which $10.3

million related to the closure of the U.S. operations. The balance was due to reduced demand for services with existing customers. We expect that Mill Creek's revenues have bottomed out and will begin to improve in 2004 as the North American economy gains momentum and there is increased demand for computers, office equipment and furniture – all major products transported by the company. Revenue was also adversely affected by the decline on the U.S. dollar as compared to the Canadian dollar, as both Mill Creek and Mullen Trucking have some U.S. dollar denominated revenue. The weakening U.S. dollar resulted in a revenue decrease of $3.9 million Canadian dollars when compared to the 2002 average exchange rate.

Cascade Carriers, based in Alberta, had a 21.2 percent increase in revenue as demand for cement increased due to higher levels of oil and natural gas drilling activity. Grimshaw Trucking had a 3.6 percent decrease in revenue due to less work associated with certain capital projects. Mullen Trucking – Truckload had a 9.5 percent increase in revenue, primarily due to obtaining some major short-term contracts in western Canada.

Revenue is earned by using contractors, which are either independent subcontractors or owner operators, or company-owned or leased equipment. Revenue associated with contractors increased by $6.2 million or 7.1 percent to $93.0 million. Overall contractor revenue is 56.3 percent of revenue in this segment, up from 52.0 percent in 2002, as the segment continues to use more owner operators and subcontractors. Company-owned equipment generated $72.0 million of revenue, or 43.6 percent of the segmented revenue, as compared to $79.4 million, or 47.6 percent of segmented revenue in 2002. The remainder of the revenue was for miscellaneous administrative items.

Operating Expenses

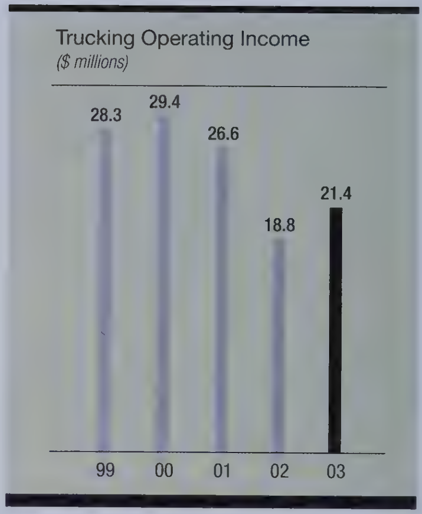
Operating expenses include costs for contractors, direct operating expenses and selling and administrative expenses. These expenses decreased to $143.7 million from $148.1 million in 2002, reflecting the effect of reduced costs due to the closure of Mill Creek's U.S. operations and better utilization of equipment, which resulted in improved margins for the segment.

Direct Operating Expenses

Direct operating expenses consist of costs of contractors, and direct operating costs of company-owned or leased operating equipment. Independent subcontractors are used on an "as needed" basis and are used when it is not practical to use either an owner operator or a company truck. They also enable the segment to provide service to customers during periods of peak demand. Owner operators are exclusively under contract with the company and are licenced through the company. They are either paid as a percentage of load revenue, or on a fixed rate per load or per mile. All costs of contractors, which are variable, were 76.2 percent of contract revenue, down from 76.5 percent in 2002. Gross margins on contractor revenue were 23.8 percent, a slight improvement from 23.5 percent in 2002.

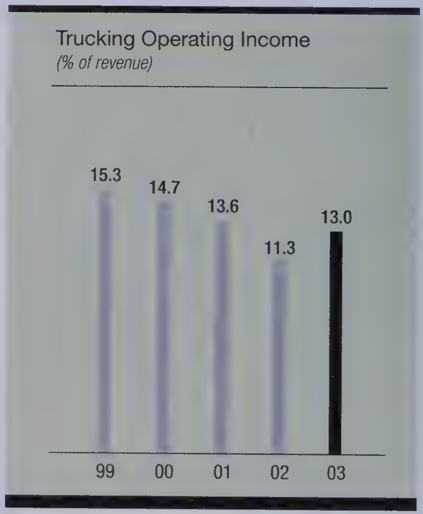
Direct operating costs related to company-owned or leased equipment include major expenses such as driver wages, fuel, repairs and maintenance, insurance, licenses and truck lease costs. Direct operating expenses declined to $53.5 million or 74.3 percent of company revenue, leaving a 25.7 percent margin, compared to expenses of $62.8 million or 20.9 percent of company revenue in 2002. The improved margin was primarily related to lower leasing costs as trucks on lease were either

returned when the leases expired, or the trucks were purchased. Driver wages, fuel, insurance and repairs remained consistent on a percentage of revenue basis compared to 2002.



Selling and Administrative Expenses

Selling and administrative expenses increased to $19.3 million or 11.7 percent of revenue, up from $18.9 million or 11.3 percent of revenue in 2002. Salaries decreased by $1.0 million, primarily due to the closure of Mill Creek in the United States; however, due to improved returns on invested capital in Cascade and Mullen Trucking – Truckload, employee profit share increased by $1.0 million. The majority of the $0.4 million cost increase related to foreign exchange losses due to the increase in the Canadian dollar versus the U.S. dollar in 2003.



Operating Income

Operating income increased to $21.4 million or 13.0 percent of revenue, from $18.8 million or 11.3 percent of revenue in 2002. This reverses the decline experienced in 2002 and reflects the effect of improved margins on contracting revenue and segment-owned equipment, and the elimination of the non-profitable U.S. Mill Creek operations, which in 2002 had $13.3 million of revenue and had a zero percent operating margin.

Capital Expenditures

Gross capital expenditures were $11.7 million in 2003, of which $10.2 million was for trucks and trailers and upgrades to operating fleets. During the year there were $6.6 million of disposals resulting in net capital expenditures of $5.1 million. $1.9 million of the disposals related to the sale of real estate, being the property used by Mill Creek's U.S. subsidiary, as well as the sale of redundant land owned by Mill Creek in Canada. Most of the other dispositions related to the sale of older trucks and trailers used by Mill Creek in the United States and Canada. The disposal of the old equipment is expected to reduce repair and maintenance costs in 2004.

Corporate

Summary of Quarterly Results

(in thousands of dollars except per share amounts)

Quarter Ending	Revenue	Net Income	Earnings per Share (basic)	Earnings per Share (diluted)
2003				
March 31	$ 125,821	$ 12,676	$ 0.86	$ 0.84
June 30	$ 89,501	$ 4,953	$ 0.33	$ 0.33
September 30	$ 95,925	$ 7,462	$ 0.50	$ 0.50
December 31	$ 110,257	$ 8,414	$ 0.57	$ 0.56
2002				
March 31	$ 88,106	$ 7,902	$ 0.54	$ 0.54
June 30	$ 61,871	$ 2,552	$ 0.18	$ 0.17
September 30	$ 67,111	$ 3,537	$ 0.24	$ 0.24
December 31	$ 85,424	$ 4,656	$ 0.31	$ 0.31

The first quarter of the year traditionally has the highest revenue and net income, due to the seasonality of operations. A significant portion of the Company's operations relate to the moving of heavy equipment, the transportation of drilling rigs, and providing conductor pipe setting in northern and western Canada. The Company's earnings follow the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity peaks in the winter months and declines during the spring thaw. Due to the spring thaw frost comes out of the ground, which makes roads incapable of supporting heavy equipment and also makes it difficult to drill for oil and natural gas. As a result, the demand for these services is traditionally highest in the first quarter and lowest in the second quarter.

Revenues in 2003 have been higher in each quarter than the year before. This is primarily due to the result of seven acquisitions in 2002, all related to our Oilfield Services segment, which resulted in approximately $83.5 million of increased revenue for 2003. In the fourth quarter of 2003 the acquisition of Cora Lynn Drilling Co. Ltd., also included in our Oilfield Services segment, added another $2.9 million of revenue. Cora Lynn is a seasonal business with 75 percent of its revenue earned in the first quarter of the year, which will result in first quarter operating results in 2004 being more seasonal than before.

In addition to the effect of the acquisitions, the Oilfield Services segment has seen increased demand for its services due to the high level of oil and natural gas well drilling in 2003, a year which saw the number of wells drilled in western Canada increase from 15,682 in 2002 to 21,733.

The Trucking segment revenue had a minor decrease from 2002, reflecting a loss in revenue due to the closing of the Mill Creek U.S.-based subsidiary on March 31, 2003, and due to the increase in the value of the Canadian dollar. The Company has some U.S. dollar sales, and upon conversion to Canadian dollars, those sales were $3.9 million lower in 2003 than they would have been if using the 2002 conversion rate. These decreases were partially offset by increased revenues from our business in western Canada.

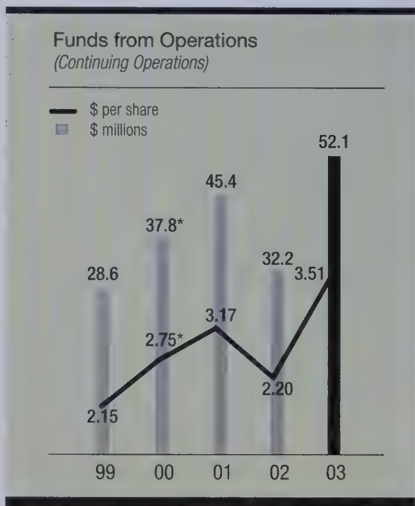
Capital and Liquidity

Funds from operations increased by 61.8 percent to $52.1 million from $32.2 million in 2002. On a per share basis this equated to $3.51 per share, up 59.5 percent from $2.20 per share in 2002. The Company started the year with bank indebtedness of $8.6 million, which reduced to $0.5 million by year end, as outlined in the following chart.

Sources of Cash

($ millions)	
Bank indebtedness, beginning of year	$ (8.6)
Funds from operations	52.1
Funds from non-cash working capital	1.7
Proceeds of common shares	2.3
Increase in long-term debt	37.8
Cash from disposals of other assets	1.0
Total sources of funds	94.9
Uses of cash:	
Dividends paid	(5.9)
Acquisitions	(61.0)
Net property, plant and equipment additions	(19.9)
Total usage	(86.8)
Bank indebtedness, end of year	$ (0.5)

The funds from operations of $52.1 million (2002 – $32.2 million), (see the Consolidated Statements of Cash Flow, page 44), were supplemented by $1.7 million of cash generated from other non-cash working capital items. Non-cash working capital items increased by $3.1 million; which was offset by a non-cash working capital deficiency related to acquisitions, cash from equity investments and the write-off of the currency translation adjustment, leaving a net increase of $1.7 million. Proceeds from common share issues relates to the exercising of 132,133 options with a share issue value of $2.3 million. Long-term debt had a net increase of $43.1 million, which included proceeds of $59.6 million, less repayment of $21.7 million, plus the $5.2 million of debt assumed on the Cora Lynn acquisition, for a net increase on long-term debt of $43.1 million as reflected on the balance sheet. Cash was used to pay the following: dividends of $5.9 million in 2003; acquisitions of $61.0 million; and net fixed asset purchases of $19.9 million. Overall, the Company generated $8.1 million of cash, which was used to reduce bank indebtedness from $8.6 million to $0.5 million in the year.

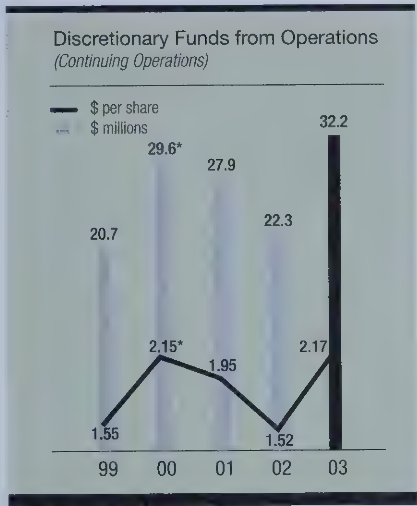


* 2000 figures have been restated to account for discontinued operations

During the year the Company negotiated increased lines of credit. The operating line was increased from $35.0 million to $40.0 million in order to finance working capital cash requirements in 2004. At year-end this facility was unused but is expected to be partially used during the first quarter of 2004. The Company also negotiated a $45.0 million increase in its term loan facility from $30.0 million to $75.0 million. This increase, plus existing credit facilities, were used to finance the Cora Lynn acquisition, which occurred on October 30, 2003. At year-end 2003 the Company had used $73.2 million of the term loan facility and expects the free cash flow generated in 2004 to reduce debt.

Discretionary funds from operations, or funds generated from operations after PP&E expenditures, increased to $32.2 million, or $2.17 per share, from $22.3 million, or $1.52 per share in 2002. Discretionary funds are available to repay debt, pay dividends, or to pay for future acquisitions. Although funds from operations increased by $19.9 million, a $10.0 million increase in net capital expenditures resulted in discretionary cash only increasing by $9.9 million or 44.4 percent in 2003.

The Company enters 2004 with ample funding available, including $38.0 million of working capital, an unused $40.0 million operating line of credit, and the ability to increase borrowing. At this time, the Company expects that cash flow and discretionary cash flow will increase in 2004 as the October 2003 acquisition of Cora Lynn becomes accretive.



* 2000 figures have been restated to account for discontinued operations

Long-Term Debt

(A) Contractual Obligations

($ millions)		*Maximum Payments*		
	Total	In 1 Year	1 – 3 Years	4 – 5 Years
(1) Long-term debt	$ 73.6	$ 0.3	$ 73.3	Nil
(2) Operating leases	$ 4.7	$ 1.8	$ 2.8	$ 0.1

(1) The above long-term debt repayment terms apply if the bank term debt facility is not renewed in 2004, at which time it will then need to be repaid within two years. The bank term debt bears interest either at prime rate or at a Bankers' Acceptance Rate plus a 1.2 percent Stamping Fee.

(2) The majority of the operating leases are for trucks which normally have a three to four year term, at which time the Company has the option of returning the trucks to the lessor.

(B) It is expected that the facility will be renewed and the long-term debt will then be repaid as follows:

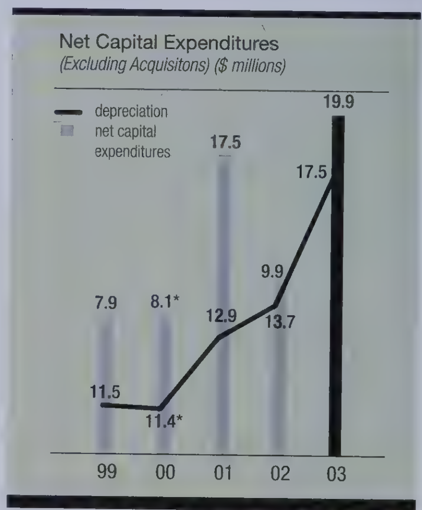
($ millions)	Total	In 1 Year	1 – 3 Years	4 – 5 Years
Long-term debt	$ 73.6	$ 0.3	$ 23.3	Nil

(1) Repayments will pay all finance loans and reduce the bank term debt to $50.0 million by January 1, 2006 at which time it would remain at $50.0 million unless the facility was not renewed.

The Company entered 2002 with $30.5 million of long-term debt and exited with $73.6 million. During 2003 it increased debt by $59.5 million, and assumed a further $5.2 million of debt associated with the acquisitions. We repaid $21.7 million of this debt during the year, leaving a balance of $73.6 million, of which only $0.3 million is current in 2004. There is, however, a requirement to reduce the bank term loan to $55.0 million on January 1, 2005, which will mean reclassifying $18.3 million of long-term debt to current debt in the first quarter of 2004. At year-end 2003 the Company's debt-to-equity ratio was 0.33:1, which is higher than 0.2:1 at December 31, 2002. Full details of the long-term debt are in Note 7 of the audited financial statements.

The Company had net capital expenditures, excluding corporate acquisitions, of $19.9 million in 2003, which was $10.0 million or 101.0 percent higher than 2002. Gross PP&E expenditures were $29.8 million, which included $28.3 million for trucks, trailers, shop equipment and vehicles for field personnel. This was offset by the sale of redundant and older PP&E totalling $9.9 million. The acquisitions in 2003 resulted in an increase of $36.2 million of PP&E, $33.1 million of which was related to a new core drilling business. The remaining $3.1 million was additional PP&E used by heavy oil hauling business.

The Oilfield Services segment incurred $18.1 million of PP&E additions and the Trucking segment incurred $11.7 million. The Oilfield Services segment disposed of $3.5 million of equipment, resulting in net capital expenditures of $14.6 million. The Trucking segment disposed of $6.6 million of PP&E, with net capital expenditures of $5.1 million. Net capital expenditures in the corporate office were $0.2 million.



* 2000 figures have been restated to account for discontinued operations

Acquisitions

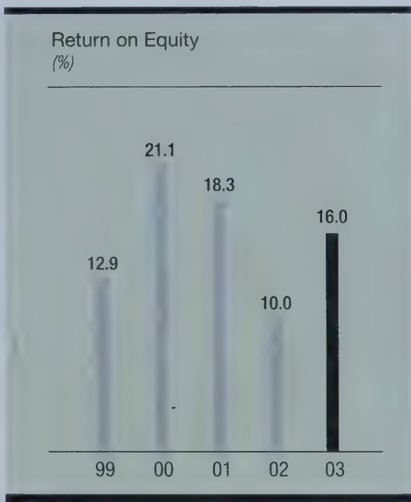
During the year the Company spent $61.0 million on acquisitions with cash. (See Note 3 of the financial statements.) In February 2003 the Company completed two small acquisitions, including the purchase of $4.4 million of assets which were used by our heavy oil hauling business. On October 30, 2003 the Company acquired 100 percent of the shares of Cora Lynn Drilling Co. Ltd. for $56.6 million, (see following chart). Cora Lynn represents a new type of service – core drilling – and is included in the Oilfield Services segment. On January 1, 2004, the operations of Cora Lynn Drilling Co. Ltd. were transfered to the Cora Lynn Drilling Partnership.

Cora Lynn Drilling Co. Ltd. Acquisition

		($ millions)
Assets acquired		
Property, plant and equipment	$	33.1
Goodwill		34.8
	$	67.9
Liabilities assumed		
Non-cash working capital deficiency	$	1.3
Long-term debt	$	5.2
Future income tax		4.7
	$	11.2
Net assets before cash	$	56.7
Cash		0.1
Net cash consideration	$	56.6

Shareholders' Equity

Share capital increased by $2.3 million, reflecting the exercise by employees of 132,133 options at an average exercise price of $17.49. There were 14,906,880 shares outstanding at December 31, 2003 with an issue value of $64.4 million. During the year the Company granted 137,000 stock options and cancelled 20,700, for a net of 116,300 new options. Total options outstanding decreased to 593,500 from 609,333, reflecting the net options granted and the exercise of options during the year.



Retained earnings increased by $27.5 million to $159.9 million at December 31, 2003. The increase was due to $33.5 million of net income, less $6.0 million of dividends declared in 2003. The dividends were paid semi-annually at $0.20 per share.

Return on equity increased to 16.0 percent from 10.0 percent in 2002. The increase was due to increased earnings; an increase in debt financing, which leverages the return on equity; and a decrease in non-cash productive cash assets, which were only earning bankers' acceptance rates of return during most of 2002.

Transactions With Related Parties

A summary of transactions with related parties is disclosed in Note 13 of the annual audited financial statements. All transactions were provided in the normal course of business under the same terms as transactions with unrelated companies. A unique transaction was the sale of a floating camp for $2.7 million, which was purchased by the Company and then resold to Beaufort Oilfield Support Services Ltd. in which Mullen holds a 49 percent interest.

Fourth Quarter Results

The fourth quarter balance sheet was significantly affected by the acquisition of Cora Lynn Drilling Co. Ltd. The acquisition was paid for by a cash payment of $56.5 million. The cash was raised by increasing the bank term debt facility from $30.0 million to $75.0 million and by using existing credit facilities.

For the three month period ended December 31, 2003, Mullen generated consolidated revenues of $110.3 million compared to $85.4 million for the same period one year ago, an improvement of $24.9 million or 29.2 percent. The increase in revenues in the current period is mainly due to the successes of our Oilfield Services segment. Fuelled by continued strength in the oil and natural gas sector and incremental revenues from previously announced acquisitions, the Oilfield Services segment's revenues increased by $25.9 million compared to the same period last year. The Trucking segment benefitted from an overall stronger economy, and in particular, demand for freight services in western Canada. These revenues, however, were offset by the loss of sales associated with the closure of Mill Creek's U.S.-based operations, which generated $3.2 million in revenue in the same period in 2002.

Profitability in the fourth quarter improved considerably with operating income increasing by 65.5 percent to $19.2 million up from last year's $11.6 million. Net income rose by 82.6 percent to $8.4 million, compared to $4.6 million. The record results are primarily due to the performance of the Oilfield Services segment, which improved operating margins through pricing leverage and higher asset utilization. The Trucking segment produced modest operating income gains.

Earnings per share for the quarter rose to $0.57, an increase of $0.26 or 83.9 percent over the prior period. The earnings were negatively impacted as a result of the acquisition of Cora Lynn Drilling Co. Ltd., previously announced on October 27, 2003, which experienced seasonal hiring, training and mobilization costs associated with the preparation and startup of winter drilling activities. These costs reduced earnings per share by $0.04. Earnings were further reduced by the effects of an adjustment to the future income tax liability associated with the Government of Ontario's increase in corporate income tax rates. This resulted in a reduction of net income by $0.3 million or $0.02 per share. In the absence of these costs, Mullen's earnings per share would have been $0.63.

Critical Accounting Estimates

The Company has to make several critical accounting estimates as detailed below:

(1) Depreciation

The method of calculating depreciation expense, as noted in Note 1(c) of the annual financial statements, is an estimate. The Company considers its method and rates of depreciation to reasonably reflect the annual decline in the value of PP&E. These methods used are validated by the fact that gains on losses on sale of PP&E over the last 10 years have been minimal, which indicates that the net book value of assets approximates fair market value over an extended period of time.

(2) Goodwill

On an annual basis, the Company assesses the goodwill for impairment. See Note 2 of the annual financial statements. In 2003 the assessment determined there was no impairment of goodwill.

(3) Bad Debt Expense

The Company routinely reviews accounts receivables and sets up a reserve for bad debts on a customer-by-customer basis. This is an estimate as some of the reserved accounts may be collected whereas we may subsequently find that some accounts currently deemed collectible, become uncollectible. The Company considers the allowance of $0.8 million at the end of December 31, 2003 to be reasonable.

Accounting [illegible]

(1) Stock-based compensation (see Notes 1(h) and 9(c) of the annual financial statements).

The Company will adopt, on January 1, 2004 on a retroactive basis, the new Canadian accounting standards that will apply the fair value method to all stock-based payments and awards. If the policy had been adopted for January 1, 2003, net income would have decreased by $1.1 million or $0.07 per share.

(2) Asset Retirement Obligations

Effective for January 1, 2004 the Company is required to calculate and record any asset retirement obligations. At this time the Company does not believe it has any asset retirement obligations of any significance.

(3) Disposal of Long-Lived Assets and Discontinued Operations

PP&E is believed to approximate fair market value at the year-end and the Company does not believe, at this time, that it would have any material losses on any subsequent disposals. The Company also has no plans to discontinue any operations at this time.

See Note 11 of the annual financial statements. The Company does not have any other financial instruments other than those disclosed in Note 11 of the annual financial statements.

The Company is subject to certain economic risks, most important of which are a slowdown in the general economy or reduced oil and natural gas exploration and production activity. When the economy slows, corporations tend to reduce capital spending, which lowers the demand for industrial equipment, which the Company transports. If oil and natural gas prices decline, oil and natural gas exploration and production tends to fall, translating into less rig moving revenue, less heavy oil hauling and servicing, and postponements or cancellations of major capital projects, all of which would adversely affect our business. The Company is fully aware of the cyclical nature of the business. It manages this risk by diversifying operations and by using subcontractors and owner operators, which require no investment by the Company, to handle seasonal peaks and business peaks. This strategy enables the Company to minimize fixed costs and to handle economic downturns.

The Company also has risk of increased interest rates. At December 31, 2003 it had $73.2 million of bank term debt financed at floating rates. While these rates are below what would be paid at fixed rates, there is a risk of interest rates rising. The short-term expectation is that Canadian interest rates will either decline or stay constant. The Company also expects to be able to generate enough cash from operations to repay its debt within two years.

The Company faces some foreign exchange risk if the Canadian dollar rises in value against the U.S. dollar, as we generate excess U.S. dollars. We have reduced this risk with the closure of the U.S. subsidiary, and we have worked to better match U.S. dollar revenues with U.S. dollar expenses. In 2003 we estimated the strengthening of the Canadian dollar, resulted in a $3.9 million loss of revenue in the Trucking segment.

The Company also has a risk of labour disruption as some of its business units have collective agreements with their employees. The Company believes it has positive working relationships with its employees.

Due to the nature of its operations and business, the Company is subject to lawsuits for accidents and for cargo claims. This risk is mitigated by carrying insurance with relatively low deductibles; maintaining strong safety programs; effective recruiting procedures; and requiring subcontractors to carry adequate insurance.

Outlook

The Company has completed a successful year which was expected. The results in 2003 reflected growth in our Oilfield Services segment due to the acquisition of seven companies in 2002, which augmented our existing businesses. High oil and natural gas prices continue to stimulate activity in both oil and gas drilling, heavy oil production, as well as in major capital projects, all of which positively affect our businesses. The Cora Lynn acquisition in October 2003 is expected to produce improved earnings for 2004. If oil and natural gas prices remain high, which is forecasted by the industry, our Oilfield Services segment should have another strong year.

The Trucking segment had a small revenue decline in 2003, but an improvement in operating margins, as it closed its non-profitable U.S. subsidiary. This segment was also adversely affected by the unexpected rise in the Canadian dollar against the U.S. dollar. This resulted in both lower sales in Canadian equivalent dollars and squeezed margins. In spite of this negative situation the segment improved overall margins. We do not expect the Canadian dollar to strengthen as much in 2004 and anticipate some minor improvement in operating results in 2004.

The Company will also benefit from the last scheduled federal income tax rate decrease, which will reduce federal tax from 24 percent to 22 percent of pretax income in 2004. This will be offset slightly by a recent increase in scheduled Ontario provincial income tax.

The Company remains conservatively financed with a debt-to-equity ratio of 0.33:1 at year-end and $38.0 million of working capital and over to $40.0 million of unutilized credit facilities. This leaves us in a strong position to take advantage of opportunities in 2004.

March 11, 2004

Management's Report to the Shareholders

The accompanying consolidated financial statements of Mullen Transportation Inc. have been approved by the Board of Directors and have been prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with these consolidated financial statements. All information, including financial, in the annual report is the responsibility of management.

Management maintains accounting control systems designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, financial records are accurately maintained and statements are generated in a timely manner.

The Board of Directors and management have established corporate governance practices that are consistent with guidelines set out in the report issued by The Toronto Stock Exchange Committee on Corporate Governance in Canada.

The Board of Directors oversees the management of the business and the affairs for the Company including ensuring management fulfills its responsibility for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors, comprised of three members considered to be "outside and unrelated" directors, has reviewed the consolidated financial statements with management and the external auditors. An independent firm of chartered accountants, appointed as external auditors by the shareholders, has audited the consolidated financial statements and its report is included herein.

Murray K. Mullen

Chairman, President and
Chief Executive Officer
February 23, 2004

David E. Olson

Vice-President, Finance and
Chief Financial Officer

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Mullen Transportation Inc. as at December 31, 2003 and 2002 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
February 23, 2004

Consolidated Balance Sheets

December 31, 2003 and 2002

(in thousands of dollars)	2003	2002
Assets		
Current assets:		
Accounts receivable	$ 77,878	$ 61,637
Income taxes recoverable	–	4,510
Prepaid expenses	9,660	8,437
	87,538	74,584
Investments (note 4)	8,296	10,352
Property, plant and equipment (note 5)	187,801	149,160
Goodwill	94,111	58,015
Other assets	3,897	2,421
	$ 381,643	$ 294,532
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 6)	$ 545	$ 8,602
Accounts payable and accrued liabilities	41,063	29,431
Income taxes payable	4,606	–
Dividends payable	2,981	2,955
Current portion of long-term debt (note 7)	318	412
	49,513	41,400
Long-term debt (note 7)	73,266	30,094
Future income taxes (note 8)	34,531	28,351
Shareholders' equity:		
Share capital (note 9)	64,395	62,084
Retained earnings	159,938	132,387
Currency translation adjustment	–	216
	224,333	194,687
	$ 381,643	$ 294,532

See accompanying notes to consolidated financial statements.

Approved by the Directors:

Director

Director

Consolidated Statements of Income

Years ended December 31, 2003 and 2002

(in thousands of dollars, except per share amounts)	2003	2002
Revenue	$ 421,504	$ 302,512
Expenses:		
Direct operating	305,060	224,729
Selling and administrative	44,209	34,420
Operating income	72,235	43,363
Depreciation and amortization	17,819	13,975
Interest on long-term debt	1,504	36
Other interest	386	226
Gain on sale of property, plant and equipment	(92)	(255)
Gain on sale of investments	(304)	–
Income before income taxes and earnings from equity investments	52,922	29,381
Provision for income taxes (note 8):		
Current	18,229	10,906
Future	1,520	773
	19,749	11,679
Income before earnings from equity investments	33,173	17,702
Earnings from equity investments	332	945
Net income	$ 33,505	$ 18,647
Earnings per share:		
Basic	$ 2.26	$ 1.27
Diluted	$ 2.23	$ 1.25
Weighted average number of shares outstanding:		
Basic	14,853	14,647
Diluted	15,035	14,933

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

Years ended December 31, 2003 and 2002

(in thousands of dollars)	2003	2002
Retained earnings, beginning of year	$ 132,387	$ 119,633
Net income	33,505	18,647
Dividends	(5,954)	(5,893)
Retained earnings, end of year	$ 159,938	$ 132,387

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flow

Years ended December 31, 2003 and 2002

(in thousands of dollars)	2003	2002
Cash provided by (used in):		
Operations:		
Net income	$ 33,505	$ 18,647
Items not involving cash:		
Depreciation and amortization	17,819	13,975
Gain on sale of property, plant and equipment	(92)	(255)
Gain on sale of investments	(304)	–
Future income taxes	1,520	773
Earnings from equity investments	(332)	(945)
Funds provided from operations	52,116	32,195
Changes in non-cash working capital items	1,680	(10,834)
	53,796	21,361
Financing activities:		
Change in bank indebtedness	(8,185)	8,602
Repayment of long-term debt	(21,669)	(6,709)
Proceeds of long-term debt	59,510	30,000
Proceeds of common share issues	2,311	4,034
Dividends paid	(5,928)	(5,827)
	26,039	30,100
Investing activities:		
Acquisitions (note 3)	(60,956)	(56,769)
Property, plant and equipment additions	(29,841)	(18,244)
Proceeds on sale of property, plant and equipment	9,915	8,354
Cash distribution from equity investee	317	900
Proceeds on sale of investments	2,498	–
Other assets	(1,768)	(38)
	(79,835)	(65,797)
Decrease in cash	–	(14,336)
Cash, beginning of year	–	14,336
Cash, end of year	$ –	$ –
Supplemental cash flow information:		
Interest paid	$ 1,890	$ 262
Income taxes paid	$ 9,236	$ 17,411

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2003 and 2002
(Tabular amounts stated in thousands of dollars, except per share amounts)

Mullen Transportation Inc. is a broad-based transportation and service company that provides management and financial expertise, technology, and systems support to a network of subsidiary companies. The business of the Company is focused on supplying transportation and other services to the oil and gas industry and the transportation and distribution of freight.

1. Significant accounting policies

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

(a) *Basis of presentation:*

The consolidated financial statements include the accounts of Mullen Transportation Inc. (the "Company") and its subsidiaries, all of which are wholly-owned.

(b) *Investments:*

Investments in affiliates over which the Company has significant influence are accounted for using the equity method. Portfolio investments are carried at cost. If management determines there is a permanent decline in value in underlying assets and no expectation of future earnings, these investments are written down to net realizable value.

(c) *Property, plant and equipment and depreciation:*

Property, plant and equipment are recorded at cost. Depreciation on additions and disposals is prorated from the month of purchase or disposal. Depreciation is provided annually over the estimated useful lives of the assets on the declining balance basis at the following rates:

Assets	Rate
Buildings	2.5 - 8%
Trucks and trailers	10 - 20%
Equipment, furniture and fixtures	20%
Automobiles, computer equipment and computer software	30 - 50%
Satellite communications equipment	20%

Significant accounting policies (continued):

Core drilling rigs are depreciated by the unit-of-production method based on 1,500 operating days with a 20 percent residual value.

(d) *Other assets and amortization:*

Other assets include intangibles after amortization of $645,000 (2002 - $940,000). Intangible assets are amortized on a straight-line basis over five years. For the year ended December 31, 2003 amortization expense with respect to these intangibles is $292,000 (2002 - $264,000).

(e) *Goodwill:*

Goodwill represents amounts paid on the acquisition of businesses in excess of the value assigned to identifiable net assets. Management evaluates, on a segmented basis, using a fair value method based on a capitalization of earnings, the value of goodwill annually or when there is considered to be an impairment. If there were an impairment, goodwill would be written down to its estimated value. Accumulated amortization at December 31, 2003 is $4,756,000 (2002 – $4,756,000).

(f) *Revenue recognition:*

The Company's services are provided based upon orders and contracts with the customer that includes fixed or determinable prices based upon daily, hourly or job rates. Contract terms do not include provision for post-service obligations. Revenue is recognized when services are rendered and when collectability is reasonably assured.

(g) *Income taxes:*

The Company follows the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. Income tax expense is the sum of the Company's provision for current income taxes and the difference between opening and ending balances of the future income tax assets and liabilities.

(h) *Stock-based compensation plan:*

The Company has a stock-based compensation plan, which is described in Note 9(c). No compensation expense is recognized for this plan when stock or stock options are issued to employees. Consideration paid by employees on exercise of stock options is credited to share capital.

1. Significant accounting policies (continued)

Effective January 1, 2004, the Corporation will retroactively adopt the new required Canadian accounting standard that will apply the fair value method to all stock-based payments and awards.

Under the fair value method, the Corporation will calculate the fair value of stock option grants or direct awards of stock and record that fair value as compensation expense over the vesting period of those grants and awards.

(i) Per share amounts:

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated based on the treasury stock method, which assumes that any proceeds obtained on exercise of options would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

2. Accounting changes

Business combinations, goodwill and other intangible assets:

Effective January 1, 2002 the Company prospectively adopted the new Canadian accounting standard relating to business combinations, goodwill, and other intangible assets.

Under the new accounting standard for business combinations, the purchase method must be used for all business combinations and the corporation is required to identify goodwill and other intangible assets that arise from contractual or legal rights that can be sold separately. In 2002 the Company segregated $854,000 of intangible assets from goodwill.

Under the new standard for accounting for goodwill, goodwill is no longer amortized, but is tested for impairment at least annually. The Company was required to assess the goodwill within six months of the January 1 adoption date to determine if there was any impairment of goodwill, which would be charged to retained earnings effective January 1, 2002. The Company has assessed goodwill on a segmented basis using a fair market value method based on capitalization of earnings. The assessment determined that there was no impairment of goodwill and therefore no charge to retained earnings.

(Tabular amounts stated in thousands of dollars except per share amounts)

(a) During the year ended December 31, 2003, the Company acquired the businesses and certain assets of three privately held corporations engaged in oilfield servicing for net cash consideration of $60,956,000 (gross cash paid less cash position of the entity acquired). The most significant acquisition occurred on October 29, 2003 when the Company acquired the shares of Cora Lynn Drilling Co. Ltd. (Cora Lynn) for net cash consideration of $56,526,000. The acquisitions were accounted for by the purchase method and the results of operations from the acquisition dates have been included in these consolidated financial statements. Details of the acquisitions are as follows:

2003	Cora Lynn	Other	Total
Assets:			
Non-cash working capital items	$ (1,330)	$ 65	$ (1,265)
Property, plant and equipment	33,054	3,096	36,150
Goodwill	34,827	1,269	36,096
	66,551	4,430	70,981
Assumed liabilities:			
Long-term debt	5,237	–	5,237
Future income taxes	4,660	–	4,660
	9,897	–	9,897
Net assets before cash position	56,654	4,430	61,084
Cash position	(128)	–	(128)
	56,526	4,430	60,956
Cash consideration	$ 56,526	$ 4,430	$ 60,956

(b) During the year ended December 31, 2002, the Company acquired the businesses and certain assets of seven privately held corporations engaged in oilfield servicing for net cash consideration of $56,769,000 (gross cash paid less cash position of the entity acquired) and common shares of $1,418,000. The most significant acquisitions occurred in October, 2002 when the Company acquired certain assets of Kam's Oilfield Services (KAMS) for cash consideration of $16,055,000 and when the Company acquired certain assets of Temor Oil Services (1974) Ltd. (TEMOR) for cash consideration of $21,922,000. The acquisitions were accounted for by the purchase method and the results of operations from the acquisition dates have been included in these consolidated financial statements.

(Tabular amounts stated in thousands of dollars except per share amounts)

3. Acquisitions (continued)

Details of the acquisitions are as follows:

2002	KAMS	TEMOR	Other	Total
Assets:				
Non-cash working capital items	$ 130	$ 344	$ 3,733	$ 4,207
Property, plant and equipment	12,634	7,324	16,030	35,988
Intangibles	–	–	350	350
Goodwill	3,291	14,254	8,483	26,028
	16,055	21,922	28,596	66,573
Assumed liabilities:				
Long-term debt	–	–	6,177	6,177
Future income taxes	–	–	2,209	2,209
	–	–	8,386	8,386
Net assets before cash position	16,055	21,922	20,210	58,187
Cash position	–	–	1,775	1,775
	16,055	21,922	21,985	59,962
Consideration:				
Cash	16,055	21,922	20,567	58,544
Common shares	–	–	1,418	1,418
	$ 16,055	$ 21,922	$ 21,985	$ 59,962

4. Investments

	2003	2002
Portfolio investments, at cost	$ 1,376	$ 3,569
Investments accounted for by the equity method	6,920	6,783
	$ 8,296	$ 10,352

The market value of portfolio investments at December 31, 2003 is $1,565,500 (2002 - $3,733,000).

(Tabular amounts stated in thousands of dollars except per share amounts)

Property, plant and equipment

December 31, 2003	Cost	Accumulated depreciation	Net book value
Land	$ 5,419	$ –	$ 5,419
Buildings	21,479	8,361	13,118
Trucks and trailers	185,516	57,625	127,891
Core drilling rigs	23,974	74	23,900
Equipment, furniture and fixtures	17,426	6,980	10,446
Automobiles, computer equipment and computer software	14,200	8,208	5,992
Satellite communications equipment	4,249	3,214	1,035
	$ 272,263	$ 84,462	$ 187,801

December 31, 2002	Cost	Accumulated depreciation	Net book value
Land	$ 6,204	$ –	$ 6,204
Buildings	22,931	4,805	18,126
Trucks and trailers	166,699	54,819	111,880
Equipment, furniture and fixtures	12,806	6,074	6,732
Automobiles, computer equipment and computer software	12,664	7,522	5,142
Satellite communications equipment	4,089	3,013	1,076
	$ 225,393	$ 76,233	$ 149,160

(Tabular amounts stated in thousands of dollars except per share amounts)

6. Bank Indebtedness

The Company has a $40.0 million revolving demand facility, which would bear interest at the bank's prime rate, or at bankers' acceptance rate plus a prime acceptance stamping fee of 1.0 percent per annum if utilized. This demand facility is secured by limited guarantees of $41.2 million from specific subsidiaries, which are supported by general security agreements on accounts receivable.

7. Long-term debt

	2003	2002
Bank term debt (a)	$ 73,230	$ 30,000
Various financing loans with rates between 2.9% and 9.25% with monthly blended principal and interest payments not exceeding $54,807. These loans are secured by specific items of operating equipment	354	506
	73,584	30,506
Less: current portion	318	412
	$ 73,266	$ 30,094

(a) The Company's bank term debt is a $75.0 million extendible revolving 364-day term facility convertible to a two year reducing facility. If the loan is not renewed on November 27, 2004, it converts to a two year reducing term facility payable in three equal semi-annual instalments commencing on November 27, 2005. If the loan is renewed it must be reduced to $55.0 million on January 1, 2005, and $50.0 million on January 1, 2006. Interest is at bank prime rate or at bankers' acceptance rate, plus a prime acceptance fee of 1.2 percent per annum. This facility is secured by limited guarantees of $76.2 million from specific subsidiaries of the Company. The guarantees are supported by general security agreements on those subsidiaries' assets.

(Tabular amounts stated in thousands of dollars except per share amounts)

Aggregate principal repayments of long-term debt are as follows:

2004	$ 318
2005	24,446
2006	48,820
	$ 73,584

The provision for income taxes differs from the amounts which would be obtained by applying the expected Canadian statutory income tax rates as follows:

	2003	2002
Income tax rate	37%	39%
Income before income taxes, earnings from equity investment and amortization of goodwill	$ 52,922	$ 29,381
Computed expected income tax expense	19,581	11,458
Increase (reduction) of future tax balances due to substantively enacted income tax rate changes	125	(247)
Other	43	468
Provision for income taxes	$ 19,749	$ 11,679

(Tabular amounts stated in thousands of dollars except per share amounts)

8. Income taxes (continued)

In 2003 and 2002, the Government of Alberta enacted a tax rate reduction of 0.5 percent in each year respectively. The effect of the income tax rate reduction on the Company's future income tax balances has been reflected as a reduction of future income tax expense in 2003 and 2002.

In 2003, the Government of Ontario enacted a tax rate increase of 1.5 percent effective January 1, 2004 and repealed reductions for subsequent years. The effect of the income tax increases on the Company's future income tax balances has been reflected as an increase of future income tax expense in 2003.

The future income tax liability results from the difference between the carrying value of property, plant and equipment and their related tax value, at year-end substantively enacted rates and the Company's share of partnership income taxable in future periods. The future income tax liability is as follows:

	2003	2002
Resulting from property, plant and equipment	$ 31,261	$ 25,058
Resulting from partnership income	3,270	3,293
Future income tax liability	$ 34,531	$ 28,351

(Tabular amounts stated in thousands of dollars except per share amounts)

(a) *Authorized:*

Unlimited number of common shares with no par value

Unlimited number of preferred shares with no par value

(b) *Issued:*

	Common shares	Amount
December 31, 2001	14,442,880	$ 56,632
Stock options exercised	282,867	4,034
Issued on acquisition of subsidiary	49,000	1,418
December 31, 2002	14,774,747	62,084
Stock options exercised	132,133	2,311
December 31, 2003	14,906,880	$ 64,395

(c) *Stock-based compensation plan:*

As at December 31, 2003 there are stock options outstanding to purchase 593,500 (2002 – 609,333) common shares with prices ranging from $3.20 to $34.25 per share with expiry dates ranging from December 31, 2004 to October 27, 2013.

Under the Company Stock Option Plan ("Plan"), the Company may grant additional options to its employees and directors for 218,350 shares of common stock which have been reserved for this purpose. Under the Plan, the exercise price of each option equals the market price of the Company's stock on the date of the grant and an option's maximum term is ten years. Options are granted throughout the year and vest over periods ranging up to three years under the Plan.

(Tabular amounts stated in thousands of dollars except per share amounts)

9. Share capital (continued):

(c) *Stock-based compensation plan (continued):*

All stock options are granted at the market price at the date of the grant. In 2003, the Company granted 137,000 options ranging in prices from $30.00 to $34.25. In 2002, the Company granted 223,000 options ranging in prices from $24.95 to $28.50. The per share weighted average fair value of stock options granted in 2003 has been estimated at $16.52 (2002 – $14.74) using the Black-Scholes option pricing model. The following weighted average assumptions were used to determine the fair value of options on date of grant:

Weighted average assumptions	2003	2002
Risk free interest rate	3.95%	5.25%
Expected life	3.2 years	3.5 years
Maximum life	10.0 years	10.0 years
Expected dividend	$ 0.40 per share	$0.40 per share
Expected share price volatility	72%	83%

Had the Company determined stock-based compensation costs based on the fair value at the date of grant for its stock options, net income and earnings per share (EPS) would have decreased to the pro forma amounts indicated below. These pro forma earnings reflect compensation costs amortized over the option's vesting period.

	2003		2002	
	As reported	Pro forma	As reported	Pro forma
Basic EPS	$ 2.26	$ 2.18	$ 1.27	$ 1.21
Net income	$ 33,505	$ 32,420	$ 18,647	$ 17,671
Diluted EPS	$ 2.23	$ 2.16	$ 1.25	$ 1.18

(Tabular amounts stated in thousands of dollars except per share amounts)

Share capital (continued):

(c) *Stock-based compensation plan (continued):*

	2003		2002	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	609,333	$ 17.86	700,200	$ 13.66
Granted	137,000	33.01	223,000	26.32
Exercised	(132,133)	(17.49)	(282,867)	(14.26)
Cancelled	(20,700)	(27.19)	(31,000)	(16.45)
Outstanding, end of year	593,500	$ 21.12	609,333	$ 17.86
Exercisable, end of year	381,770	$ 16.53	356,141	$ 14.40

The range of exercise prices for options outstanding at December 31, 2003 are as follows:

	Options Outstanding			Exercisable Options	
Range of exercise prices	Number	Weighted average remaining contractual life	Weighted average exercise price	Number	Weighted average exercise price
		(years)			
$ 3.20 to 11.70	68,500	1.2	$ 6.37	68,500	$ 6.37
12.45 to 20.20	231,700	4.5	14.73	215,700	14.90
24.95 to 34.25	293,300	8.9	29.62	97,570	27.26
$ 3.20 to 34.25	593,500	6.3	$ 21.12	381,770	$ 16.53

(Tabular amounts stated in thousands of dollars except per share amounts)

9. Share capital (continued)

(d) *Basic and diluted earnings per share:*

2003	Income (numerator)	Shares (denominator)	Per share amount
Basic earnings per share:			
Income available to common shareholders	$ 33,505	14,852,626	$ 2.26
Diluted earnings per share:			
Dilutive effect of stock option conversions	–	201,776	–
Income available to common shareholders	$ 33,505	15,054,402	$ 2.23

2002	Income (numerator)	Shares (denominator)	Per share amount
Basic earnings per share:			
Income available to common shareholders	$ 18,647	14,647,343	$ 1.27
Diluted earnings per share:			
Dilutive effect of stock option conversions	–	285,246	–
Income available to common shareholders	$ 18,647	14,932,589	$ 1.25

10. Commitments and contingencies

(a) *Commitments:*

The Company is committed to payments under operating leases for equipment and buildings to 2008. Annual minimum payments required subsequent to 2003 are as follows:

2004	$ 1,841
2005	1,168
2006	969
2007	620
2008	139

Commitments and contingencies (continued):

(b) *Contingencies:*

The Corporation is party to legal proceedings and claims that arise during the ordinary course of business. It is the opinion of management that the ultimate outcome of these matters will not have a material effect upon the Corporation's financial positions, results of operations or cash flows.

(a) *Fair values:*

The carrying values of bank indebtedness, accounts receivable, dividends payable, accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity. The fair value of equity investments and other assets included in the consolidated balance sheet do not materially differ from their carrying values. The fair value of the long-term bank facility approximates its carrying value as it bears interest at floating rates.

(b) *Credit risk:*

The Company hauls a wide variety of freight for a broad customer base which spans numerous industries. Longer term contracts are with large, well established customers. During 2003, one customer in the Oilfield Services segment accounted for 14 percent of the Company's revenue and no other customer accounted for more than 10 percent. During 2002, no one customer accounted for more than 10 percent of the Company's revenue.

(c) *Foreign exchange rate fluctuation:*

The Company is exposed to foreign currency fluctuation in relation to its United States activity. Management believes this exposure is not material to its overall operations.

(d) *Interest rate risk:*

The Company manages its interest rate risk through a combination of fixed and floating rate borrowings. At December 31, 2003 the bank term debt was financed in floating rate terms.

(Tabular amounts stated in thousands of dollars except per share amounts)

12. Segmented Information

The Company conducts its business through wholly-owned subsidiaries and partnerships which are categorized into two business segments. The Oilfield Services segment provides transportation and drilling services to the oil and gas industry which includes exploration and development companies and production and gas transmission companies. The Trucking segment provides both long haul and local transportation services to customers in various industries.

Amounts between different segments are not eliminated in reporting revenue and operating income by business segment. They are eliminated in reporting total consolidated revenue and operating income.

2003	Oilfield Services	Trucking	Other	Intersegment eliminations Oilfield Services	Intersegment eliminations Trucking	Total
Revenue	$ 259,179	$ 165,057	$ 246	$ (2,641)	$ (337)	$ 421,504
Operating income	50,404	21,388	443	–	–	72,235
Depreciation and amortization	12,574	4,961	284	–	–	17,819
Total assets	278,308	87,977	15,358	–	–	381,643
Capital expenditures[1]	18,080	11,671	197	(107)	–	29,841
Goodwill	76,235	17,876	–	–	–	94,111

2002	Oilfield Services	Trucking	Other	Intersegment eliminations Oilfield Services	Intersegment eliminations Trucking	Total
Revenue	$ 136,317	$ 166,929	$ 1,025	$ (1,269)	$ (490)	$ 302,512
Operating income	24,682	18,794	(113)	–	–	43,363
Depreciation and amortization	8,681	5,265	29	–	–	13,975
Total assets	192,721	87,354	14,457	–	–	294,532
Capital expenditures[1]	11,442	6,362	440	–	–	18,244
Goodwill	40,139	17,876	–	–	–	58,015

[1] Excludes business acquisitions

(Tabular amounts stated in thousands of dollars except per share amounts)

[illegible] Related party transactions

All transactions are provided in the normal course of business under the same terms and conditions as transactions with unrelated companies. Related party transactions include transactions with parties that are related by equity investment, parties related by a common director and transactions with other private companies owned or controlled by officers or directors.

	2003	2002
Revenue:		
Transportation services *(a)*	$ 4,236	$ 9,647
Other	163	401
Management fees	317	900
Sale of property, plant and equipment	2,710	45
	$ 7,426	$ 10,993
Expenses:		
Transportation services	$ 624	$ 861
Other	233	1,223
Purchase of property, plant and equipment	–	303
	$ 857	$ 2,387
Accounts receivable *(b)*	$ 1,203	$ 428
Other assets *(c)*	2,100	500
Accounts payable	123	–

[illegible]. Related party transactions (continued)

(a) *Transactions include:*

(i) Transactions with a former subsidiary disposed of on May 31, 2001 whereby an officer and director of the Company is also a director of the former subsidiary.

(ii) Transactions with other private companies owned or controlled by officers or directors.

(iii) Transactions with an oilfield services company of which certain officers held a 35 percent equity interest until September 15, 2002. At September 30, 2002 the oilfield services company issued shares for nominal consideration to Mullen Transportation Inc., which now owns a 35 percent interest. Transactions subsequent to September 30, 2002 are included in the transactions with the equity investments. Prior to September 15, 2002 the Company provided transportation services in 2002 of $8,890,000. The oilfield services company earned brokerage fees of $832,000 to September 30, 2002.

(b) *Accounts receivable:*

Accounts receivable of $1,203,000 is comprised of trade receivables and a secured loan receivable of $500,000, which bears interest of 12 percent which will be repaid in 2004.

(c) *Other assets:*

Other assets balance of $2,100,000 is a non-interest bearing, unsecured loan repayable on demand due from a party related by equity investment. In 2002, the balance of $500,000 is a secured loan bearing interest at 12 percent.

Seven Year Selected Financial Data

Years ended December 31 *($ thousands, unaudited)*	2003	2002	2001	(restated)* 2000	1999	1998	1997
Revenue	$ 421,504	$ 302,512	$ 349,582	$ 322,330	$ 261,111	$ 216,980	$ 228,522
Expenses							
Direct operating expenses	305,060	224,729	246,534	230,090	189,828	154,106	160,726
Selling and administrative expenses	44,209	34,420	37,794	34,788	27,967	24,659	25,611
Operating income	72,235	43,363	65,254	57,452	43,316	38,215	42,185
Depreciation and amortization	17,819	13,975	12,937	11,362	11,504	7,077	6,559
Interest on long-term debt	1,504	36	158	460	858	203	552
Other interest	386	226	44	44	67	–	125
Gain on sale of property and equipment	(92)	(255)	(325)	(508)	(730)	(345)	(365)
Gain on sale of investments	(304)						
Income before income taxes, earnings from equity investments and amortization of goodwill	52,922	29,381	52,440	46,094	31,617	31,280	35,314
Provision for income taxes							
Current	18,229	10,906	19,624	19,179	13,818	13,570	15,277
Future	1,520	773	745	(2,554)	–	–	–
Deferred	–	–	–	–	881	753	1,249
	19,749	11,679	20,369	16,625	14,699	14,323	16,526
Income before earnings from equity investment and amortization of goodwill	33,173	17,702	32,071	29,469	16,918	16,957	18,788
Earnings from equity investment	332	945	479	42	–	770	–
Net income before amortization of goodwill	33,505	18,647	32,550	29,511	16,918	17,727	18,788
Amortization of goodwill	–	–	2,040	1,399	1,152	165	–
Net income from continuing operations	$ 33,505	$ 18,647	$ 30,510	$ 28,112	$ 15,766	$ 17,562	$ 18,788
Net income from discontinued operations	–	–	169	2,659	–	–	–
Net income	$ 33,505	$ 18,647	$ 30,679	$ 30,771	$ 15,766	$ 17,562	$ 18,788

** 2000 figures have been restated to account for discontinued operations.*

Seven Year Selected Financial Data

Years ended December 31 *($ thousands, unaudited)*	2003	2002	2001	(restated)* 2000	1999	1998	1997
RATIOS – OPERATING							
Return on equity[1]	16.0%	10.0%	18.3%	21.1%	12.9%	17.0%	21.9%
Gross margin – percent of revenue[2]	27.6%	25.7%	29.5%	28.6%	27.3%	29.0%	29.7%
Selling and administrative expenses (percent of revenue)	10.5%	11.4%	10.8%	10.8%	10.7%	11.4%	11.2%
Operating ratio[3]	87.0%	90.2%	85.5%	86.0%	88.0%	85.5%	84.3%
FINANCIAL POSITION							
Acid test ratio[4]	1.57	1.49	2.15	1.61	2.25	1.72	2.66
Net property, plant and equipment	$ 187,801	$ 149,160	$ 116,769	$ 111,615	$ 93,288	$ 72,569	$ 64,163
Total assets	$ 381,643	$ 294,532	$ 231,537	$ 228,999	$ 176,802	$ 144,987	$ 137,331
Long-term debt (including current portion)	$ 73,584	$ 30,506	$ 1,038	$ 4,274	$ 6,211	$ –	$ 5,291
Shareholders' equity	$ 224,333	$ 194,687	$ 176,520	$ 158,535	$ 133,387	$ 111,155	$ 95,917
Debt-to-equity[5]	0.33	0.20	0.01	0.03	0.05	0.00	0.06
Funds from operations[6]	$ 52,116	$ 32,195	$ 45,428	$ 37,769	$ 28,573	$ 24,442	$ 26,231
COMMON SHARE DATA							
Funds from operations per share[7]	$ 3.51	$ 2.20	$ 3.17	$ 2.75	$ 2.15	$ 1.84	$ 1.99
Book value per share[8]	$ 15.05	$ 13.18	$ 12.22	$ 11.31	$ 9.76	$ 8.45	$ 7.25
Earnings per share[9]	$ 2.26	$ 1.27	$ 2.14	$ 2.24	$ 1.18	$ 1.32	$ 1.43
Price/earnings ratio[10]	17.5	23.6	11.7	12.5	16.5	12.3	14.7
Weighted number of common shares outstanding *(thousands)*	14,853	14,647	14,313	13,741	13,310	13,258	13,176

** 2000 figures have been restated to account for discontinued operations.*

1 Return on equity was calculated by dividing net income by average shareholders' equity.

2 Gross margin was calculated by dividing sales less direct operating costs by sales.

3 Operating ratio was calculated by dividing the total cost before taxes, and interest as a percentage of revenue.

4 Acid test ratio was calculated by dividing cash plus receivables by current liabilities.

5 Debt to equity was calculated by dividing total debt by shareholder's equity.

6 Funds from operations were calculated as funds from operations before the effect of changes in non-cash working capital items.

7 Funds from operations per share were calculated by dividing funds from operations by weighted average number of shares outstanding.

8 Book value per share was calculated by dividing common shareholders' equity by the number of common shares outstanding.

9 Earnings per share was calculated by dividing net income by the weighted average number of shares outstanding.

10 Price-earnings ratio was calculated by dividing year-end closing price by earnings per share.

Shareholder Information

Stock Trading Activity: MTL

Opening price January 2, 2003:	$ 30.25
Closing price December 31, 2003:	$ 39.50
Total number of Shares traded in 2003:	3,359,952

Transfer Agent and Registrar

CIBC Mellon Trust Company
600 333–7th Avenue S.W.
Calgary, Alberta T2P 4P4
Mailing Address:
P.O. Box 2517
Calgary, Alberta T2P 2Z1
Telephone: (403) 232-2400
North America: 1-800-387-0825
Outside North America: 1-416-643-5000
Website: www.cibcmellon.com

Stock Exchange

The Toronto Stock Exchange
Trading Symbol: MTL

Online Information

Additional information on Mullen Transportation Inc. and its group of companies, and this annual report can be viewed electronically at: *www.mullen-trans.com*

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Murray K. Mullen
Chairman, President, Chief Executive Officer and Director

Alan D. Archibald (2)
Director

Lana R. Batts (1)
Director

Bruce W. Mullen
Senior Vice President and Director

David E. Mullen
Senior Vice President and Director

K. Guy Nelson (1)(3)
Director

Francis M. Saville, Q.C. (2)
Director

S. Patrick Shouldice (2)(3)
Director

Bruce W. Simpson (1)
Director

David E. Olson
Vice President, Finance and Chief Financial Officer

James E. Little
Vice President, Quality and Training

Sharon L. Kaiser
Corporate Secretary

(1) Member of the Audit Committee
(2) Member of the Compensation, Nomination and Corporate Governance Committee
(3) Not standing for re-election in 2004

HEAD OFFICE

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Aldersyde, Alberta T0L 0A0
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Internet: www.mullen-trans.com
Email: IR@mullentransportation.com

BANKER

The Royal Bank of Canada
Calgary, Alberta

LEGAL COUNSEL

Carscallen Lockwood LLP
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Mullen Transportation Inc. will be held on Tuesday, May 4, 2004 in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 3:00 p.m. (Calgary time)

Designed and produced by Merlin Edge Inc.

Mullen
TRANSPORTATION INC.

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